

Additional information for Explanatory Memorandum

Cost per unit for Normative O&M Expenses

- A. In continuation to the explanatory memorandum as published by DERC on 13.01.2023, additional information on the basis of computation of the normative O&M expenses is as below.
- B. The average cost for last 5 years is multiplied by an inflation rate as determined to arrive at the cost for the base year (FY 2022-23) compared with the last year's audited cost multiplied by the inflation rate to arrive at the base year cost for FY 2022-23. The lower of the two is considered as the base cost for FY 2022-23.
- C. The formula adopted for the base cost is minimum of the Average cost of last 5 years multiplied by '1+ inflation rate' for three years OR the last year's cost multiplied by '1+ inflation rate'.
- D. Accordingly, the controllable O&M expenses have been arrived at as follows:

Controllable O&M expenses	Base year FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
BRPL				
Employee - Non FRSR	254.29	262.50	270.98	279.73
A&G	230.46	237.90	245.59	253.52
R&M	201.82	208.34	215.07	222.02
Total	686.57	708.75	731.64	755.27
BYPL				
Employee - Non FRSR	83.63	86.33	89.12	92.00
A&G	187.91	193.98	200.24	206.71
R&M	135.65	140.03	144.55	149.22
Total	407.19	420.34	433.91	447.93
TPDDL				
Employee - Non FRSR	232.33	239.84	247.59	255.58
A&G	103.46	106.80	110.25	113.81
R&M	127.47	131.58	135.83	140.22
Other business Expenses	59.89	61.83	63.83	65.89
Total	523.16	540.05	557.50	575.51

- E. The base cost of Controllable O&M Expenses as arrived for FY 2022-23 is thereafter multiplied with the inflation factor of 3.23% with the efficiency factor of 2% on an annual basis to arrive at the Normative O&M Expenses for the Business Plan Control period FY 2023-24 to FY 2025-26. Such cost is further divided with the estimated sales for every year to arrive at cost per unit.
- F. The base year's (FY 2022-23) sales has been projected keeping in view the CAGR growth from FY 2017-18 to FY 2019-20. FY 2020-21 and FY 2021-22 have not been considered due to imposition of Covid-19 lockdown. With the sales so arrived, the Commission has further considered a growth of 0.65% to the estimated sales of the DISCOMs. The estimated sales considered are as follows:

Estimated sales (MU)	Base Year FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
BRPL	14,175	14,267	14,359	14,452
BYPL	7,545	7,594	7,643	7,693
TPDDL	10,101	10,166	10,232	10,298

- G. In case of NDMC, the cost per unit has been kept equal to that of BYPL.

BRPL	Audited	Audited	Audited	Audited	Audited	Estimated
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Employee Exps (NET of capitalisation)						
FRSR	293.55	255.83	245.12	326.17	271.42	244.27
Non FRSR (Excl others)	215.66	233.36	228.22	228.35	250.18	254.29
A&G Expenses	212.16	227.79	233.37	224.15	235.94	230.46
Vehicle Hire & Running Expenses	35.21	38.67	39.43	35.64	37.50	38.71
Travelling, Conveyance, Boarding & Lodging	6.88	7.12	7.63	5.82	5.71	5.89
Insurance	2.42	3.33	4.11	6.82	6.25	5.04
Rates and Taxes						
Bill Collection Charges	9.78	8.21	7.51	5.99	7.09	7.32
Communication Expenses	7.01	7.82	9.09	7.91	7.77	8.02
Printing and Stationery	8.37	7.04	5.27	6.76	7.55	7.70
Meter Reading & Bill Distribution Expenses	42.13	43.46	48.68	46.80	50.07	50.85
Call Centre Expenses	14.18	15.35	16.58	17.57	16.55	17.08
House Keeping Charges	13.80	14.69	15.40	16.28	16.24	16.76
Security Expenses	22.45	24.34	26.73	27.13	27.97	28.30
Advertisement Expenses	2.17	2.13	2.38	1.49	1.81	1.87
Legal Claims						
Professional Consultancy Charges	39.07	34.99	18.83	16.79	18.90	19.51
Legal Expenses						
Enforcement Expenses - CISF	-	-	-0.00	-	-	-0.00
Miscellaneous Support Service (SLA)	-	-	21.50	22.48	24.29	15.02
Expenditure on Corporate Social Responsibility						
Remuneration to Auditors	0.48	0.45	0.53	0.43	0.68	0.57
Directors' Sitting Fees	0.21	0.23	0.17	0.22	0.21	0.22
Loss on Foreign Exchange Fluctuation						
Prior Period expenses	-	-	-	-	-	-
Bank Charges	0.83	0.65	0.45	0.21	0.24	0.25
Miscellaneous Expenses	7.17	19.31	9.08	5.81	7.11	7.34
R&M Expenses	178.23	203.63	193.49	205.17	195.51	201.82
- machinery	129.22	140.12	140.80	143.76	143.57	148.21
- Buildings	4.33	2.82	2.70	14.51	5.47	5.65
- Others	8.94	14.20	13.98	16.56	14.37	14.83
Lease Rentals	-	-	-	-	-	-
- Stores and Spares consumed (Net of recoveries)	35.74	46.49	36.01	30.34	32.10	33.14
O&M Expenses incl FRSR						930.84
O&M Expenses excl FRSR						686.57

TPDDL	Audited FY 2017-18	Audited FY 2018-19	Audited FY 2019-20	Audited FY 2020-21	Audited FY 2021-22	Estimated FY 2022-23
Employee Exps (NET of capitalisation)						
FRSR	248.74	220.96	224.13	302.78	253.97	228.57
Non FRSR (excl Other GL)	195.59	212.75	248.07	212.50	225.06	232.33
A&G Expenses	108.58	111.84	107.62	104.64	107.12	103.46
Communication	5.29	5.83	5.72	4.12	4.79	4.95
Travel & Conveyance	6.63	9.02	8.15	3.19	4.62	4.77
Insurance	5.02	5.09	6.26	7.91	8.17	7.14
Marketing	6.83	2.74	2.07	1.96	1.57	1.62
CSR						
Property	0.99	1.25	1.29	1.15	0.90	0.93
Taxes & Duties						
Legal Expenses						
Audit fee	0.67	0.67	0.74	0.77	0.53	0.55
Bill D&C	32.71	35.92	32.92	25.63	28.84	29.77
BD/provisions						
Fees & Subscription Main	0.25	0.36	0.24	0.25	0.33	0.32
Directors Sitting fee	0.34	0.24	0.39	1.11	0.68	0.60
Discontinued Exps	-	-	-	-	-	-
Water expenses	2.06	2.53	1.79	1.55	0.99	1.02
Books & Periodicals Main	0.05	0.05	0.07	0.14	0.04	0.04
Office exps	4.90	4.51	10.59	6.47	5.05	5.21
Bank & LC Charges	1.03	0.87	1.38	1.66	1.35	1.39
Other GL Main	20.52	20.12	23.09	23.24	26.25	24.91
Operational Exps	30.73	35.89	34.31	32.70	32.58	33.63
Generation Business Expense Adj	-9.45	-13.27	-21.39	-7.20	-9.58	-13.40
R&M Expenses	106.17	100.25	111.87	121.87	139.21	127.47
Total	659.08	645.80	691.68	741.79	725.37	691.84
O&M Expenses Excl FRSR						463.26
Other Business income Expenses	31.92	47.73	58.15	52.13	42.58	59.89

WPI & CPI data

WPI	FY	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
https://eaindustry.nic.in/download_data_1112.asp	All commodities	111.6	114.9	119.8	121.8	123.4	139.4

CPI	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
https://mospi.gov.in/web/cpi/home	2022	165.7	166.1	167.7	170.1	171.7	172.6	173.4	174.3					163.83
	2021	156.3	156.6	156.8	157.8	160.4	161.3	162.5	162.9	163.2	165.5	166.7	166.2	155.28
	2020	150.2	149.1	148.6	151.4	150.9	151.8	153.9	154.7	156.4	158.4	158.9	157.3	146.27
	2019	139.6	139.9	140.4	141.2	142	142.9	144.2	145	145.8	147.2	148.6	150.4	139.61
	2018	136.9	136.4	136.5	137.1	137.8	138.5	139.8	140.4	140.2	140.7	140.8	140.1	135.00
	2017	130.3	130.6	130.9	131.1	131.4	132	134.2	135.4	135.2	136.1	137.6	137.2	130.33

Year	WPI	% change	CPI	% change
2016-17	111.60	1.73%	130.33	4.52%
2017-18	114.90	2.96%	135.00	3.59%
2018-19	119.80	4.26%	139.61	3.41%
2019-20	121.80	1.67%	146.27	4.77%
2020-21	123.40	1.31%	155.28	6.16%
	Avg	2.39%		4.49%

Inflationary Growth Rate	Particulars	
	WPI	60%
	CPI	40%
	Inflationary Growth Rate	3.23%