

**CHANDIGARH ADMINISTRATION
PUBLIC NOTICE**

In respect of
ARR & Tariff Proposal for the FY-2018-19
Filed by Electricity Wing of Engineering Department
With **Joint Electricity Regulatory Commission(JERC)**

Objections/Comments invited from various stakeholders on **Petition for True-Up Of FY 2016-17, Annual Performance Review Of FY 2017-18 And Aggregate Revenue Requirement (ARR) & Tariff Proposal For FY 2018-19** submitted by Electricity Wing of Engineering Department ,UT Chandigarh

1. Notice is hereby given to various stakeholders that the Electricity Wing of Engineering Department ,UT Chandigarh engaged in Electricity Distribution and related activities has filed the Aggregate Revenue Requirement & Tariff Proposal for the FY-2018-19 for its distribution business, APR for FY 2017-18 & True Up for FY 2016-17 before the Joint Electricity Regulatory Commission (JERC) under section 45, 46, 61, 62 and 64 of Electricity Act 2003 and in accordance with JERC (Multi Year Tariff) regulation 2014, JERC (Conduct of Business) Regulation 2009 as amended from time to time. The said MYT petition has been admitted by Hon'ble JERC vide petition number- 254/2018 .

The Commission has directed the department to publish a public notice for inviting objections/comments from various stakeholders.

2. Brief overview of Petition filed by the CED for its Distribution of Electricity Business for the FY-2017-18 is as under :-

2.1 The Aggregate Revenue Requirement and deficit for the FY-2016-17 (Rs Crore):-

| S. No. | Particulars | Approved in T.O. dated 28th April 2016 | Approved in Review Petition T.O. 4th May 2017 | Actual |
|-----------|----------------------------------------------|----------------------------------------|-----------------------------------------------|---------------|
| 1 | Cost of power purchase for full year | 728.70 | 638.15 | 671.26 |
| 2 | Employee costs | 65.35 | 64.65 | 64.01 |
| 3 | Administration and general expenses | 6.16 | 6.09 | 3.58 |
| 4 | R&M expenses | 6.70 | 11.03 | 9.45 |
| 5 | Depreciation | 14.40 | 15.76 | 11.63 |
| 6 | Interest and finance charges | 7.19 | 5.74 | 3.94 |
| 7 | Interest on working capital | - | - | - |
| 8 | Return on NFA /Equity | 12.69 | 20.54 | 19.52 |
| 9 | Provision for Bad Debt | - | - | 8.15 |
| 10 | Interest on Security Deposit | 10.95 | 10.79 | 7.21 |
| 11 | Total Revenue Requirement | 852.14 | 772.75 | 798.75 |
| 12 | Less: Non-Tariff Income | 24.48 | 23.02 | 42.66 |
| 13 | Less: Revenue from Sale through UI | - | 3.15 | 9.06 |
| 14 | Net Revenue Requirement | 827.66 | 746.59 | 747.03 |
| 15 | Revenue from retail sales at Existing Tariff | 827.72 | 838.76 | 814.85 |
| 16 | FPPCA billed during the year | - | 87.27 | 121.23 |
| 17 | Revenue Surplus/(Gap) for the Year | 0.06 | 179.44 | 189.05 |

2.2 Based on the revised ARR and revenue projection, the revenue gap for FY 2017-18 (Rs Crore):-

| S. No. | Particulars | Approved in T.O. dated 28th April 2016 | Approved in T.O. dated 4th May 2017 | Estimated |
|-----------|-------------------------------------------|----------------------------------------|-------------------------------------|---------------|
| 1 | Cost of power purchase for full year | 760.16 | 628.19 | 681.86 |
| 2 | Employee costs | 69.67 | 66.82 | 69.68 |
| 3 | R&M Expense | 8.64 | 12.97 | 12.97 |
| 4 | Administration and general expenses | 6.61 | 6.34 | 6.34 |
| 5 | Depreciation | 16.69 | 17.36 | 11.93 |
| 6 | Interest and finance charges | 9.27 | 7.65 | 4.46 |
| 7 | Interest on working capital | 0.00 | 0.00 | 0.00 |
| 8 | Return on Equity | 14.77 | 22.62 | 20.58 |
| 9 | Provision for Bad Debt | 0.00 | 0.00 | 8.52 |
| 10 | Interest on Consumer Security Deposit | 11.34 | 9.73 | 9.39 |
| 11 | Total Revenue Requirement | 897.14 | 771.68 | 825.74 |
| 12 | Less: Non-Tariff Income | 25.71 | 24.17 | 23.64 |
| 13 | Net Revenue Requirement (11-12) | 871.43 | 747.51 | 802.10 |
| 14 | Revenue from retail sales | | 881.00 | 852.41 |
| 15 | FPPCA | | | 109.96 |
| 16 | Revenue Surplus/(Gap) for the Year | | 133.49 | 160.27 |

2.3 Aggregate Revenue Requirement and Deficit for Review of FY-2018-19 (Rs Crore):-

| S. No. | Particulars | Approved as per T.O. dated 28th April 2016 | Revised/ Proposed |
|-----------|--------------------------------------|--------------------------------------------|-------------------|
| 1 | Cost of power purchase for full year | 792.73 | 721.99 |
| 2 | Employee costs | 74.38 | 74.38 |
| 3 | Administration and general expenses | 7.10 | 7.10 |
| 4 | R&M expenses | 10.51 | 12.23 |
| 5 | Depreciation | 20.21 | 13.96 |
| 6 | Interest and finance charges | 13.23 | 9.20 |
| 7 | Interest on working capital | - | - |
| 8 | Interest on Security Deposit | 11.73 | 9.71 |
| 9 | Return on NFA /Equity | 17.97 | 23.78 |
| 10 | Provision for Bad Debt | - | 8.84 |
| 11 | Total Revenue Requirement | 947.86 | 881.18 |
| 12 | Less: Non-Tariff Income | 26.99 | 26.99 |
| 13 | Net Revenue Requirement | 920.87 | 854.19 |

2.4 Revised projections for revenue on Existing Tariff for FY-2018-19 (Rs Crore)

| S. No. | Category / Slab of Consumers | Projected |
|--------|------------------------------|---------------|
| A | Domestic | 319.08 |
| B | Commercial | 325.08 |
| C | Large Supply | 84.92 |
| D | Medium Supply | 77.24 |
| E | Small Power | 10.83 |
| F | Agriculture | 0.39 |
| G | Public Lighting | 12.74 |
| H | Bulk Supply | 49.94 |
| I | Others Temporary Supply | 4.03 |
| | Total | 884.25 |

2.5 Proposed Revenue Gap on Existing tariff for FY-2018-19 (Rs Crore) :-

| S. No. | Particular | 2016-17 | 2017-18 | 2018-19 |
|----------|-----------------------------------|---------------|---------------|--------------|
| | | Actual | Estimated | Projected |
| 1 | Net Revenue Requirement | 747.03 | 802.10 | 854.19 |
| 2 | Revenue on existing tariff | 814.85 | 852.41 | 884.25 |
| 3 | FPPCA Charged | 121.23 | 109.96 | - |
| 4 | Surplus/(Gap) for the year | 189.05 | 160.27 | 30.07 |

2.6 Treatment of Revenue gap for proposed revised tariff for the FY-2018-19 :-

The CED proposes amortization of the revenue gap up to FY 2013-14 of Rs. 208.17 Cr. as well as regulatory asset of Rs. 275.85 Cr. approved by the Hon'ble Commission in

the last MYT Order to be recovered as part of the tariff approval for FY 2018-19. Accordingly, Proposed Revenue Gap inclusive carrying cost shall be as under (Rs Crore) :-

| Particulars | FY 16-17 | FY 17-18 | FY 18-19 |
|-------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Opening Surplus/(Gap) | (275.85) | (333.73) | (220.34) |
| Add: Approved Revenue Surplus/(Gap) for the FY 2010-11 to 2013-14 | (208.17) | 0.00 | 0.00 |
| Add: Surplus/(Gap) during the year | 189.05 | 160.27 | 30.07 |
| Add: Amortization of Regulatory Asset | 0.00 | 0.00 | 0.00 |
| Closing | (294.97) | (173.45) | (190.28) |
| Interest Rate | 14.05% | 14.05% | 14.05% |
| Carrying Cost | (38.76) | (46.89) | |
| Closing Surplus/(Gap) | (333.73) | (220.34) | (190.28) |

2.7 The existing and proposed tariff structure for FY 2018-19 is tabulated hereunder:-

| Tariff Category | EXISTING TARIFF | | PROPOSED TARIFF | |
|-------------------------|-------------------------|----------------------------|-------------------------|----------------------------|
| | Variable Cost (Rs./kWh) | Fixed Cost (Rs./kW/ Month) | Variable Cost (Rs./kWh) | Fixed Cost (Rs./kW/ Month) |
| Domestic | | | | |
| 0-150 kWh | 2.55 | 10 | 2.75 | 12 |
| 151-400 kWh | 4.80 | 10 | 5.80 | 12 |
| Above 400 kWh | 5.00 | 10 | 6.00 | 12 |
| Commercial | | | | |
| 0-150 kWh | 5.00 | 20 | 6.20 | 24 |
| 151-400 kWh | 5.20 | 100 | 6.45 | 122 |
| Above 400 kWh | 5.45 | 100 | 6.75 | 122 |
| Industrial | | | | |
| Large Supply | 5.65 | 100 | 7.00 | 122 |
| Medium Supply | 5.35 | 100 | 6.45 | 122 |
| Small Power | 5.30 | 20 | 6.40 | 24 |
| Agriculture | 2.90 | - | 2.90 | - |
| Public Lighting | 5.35 | 100 | 6.40 | 122 |
| Bulk Supply | 5.55 | 100 | 6.60 | 122 |
| Others Temporary Supply | 8.10 | - | 9.50 | - |

Only revenue gap of Rs. 182.42 Cr for the FY 2018-19 has been considered and proposal to increase tariff to around 22% on all categories has been submitted before JERC for its consideration. However there is no any increase in Agriculture supply .

After increase of tariff , the projected revenue gap for the FY-2018-19 at Proposed Tariff will be as under (Rs Crore) :-

| Particulars | FY 2018-19 |
|-----------------------------------------|---------------|
| ARR for FY 2018-19 | 854.19 |
| Revenue at Existing Tariff | 884.25 |
| Surplus/ (Gap) for the year | 30.07 |
| Add: Surplus/ (Gap) carried forward | (220.34) |
| Add: Amortization of Regulatory Asset | 0.00 |
| Total Surplus/ (Gap) | (190.28) |
| Additional Revenue from Proposed Tariff | 182.42 |
| Surplus/ (Gap) to Carry Forward | (7.86) |

2.8 Apart from the proposed revision in retail tariff in FY 2018-19, the following changes in this tariff schedule are also proposed:-

1. Increase in Fixed and variable charges of all tariff categories except agriculture consumers.
2. Domestic Mis-Use Consumer (DMC) Category :- The DMC category is introduced for all domestic consumers who starts non-domestic activities and mis-uses its domestic connection for other than domestic purpose therefore all such consumers shall be charged under the DMC Category with 20% higher tariff of commercial consumers till the rectification of unauthorized use of electricity by the relevant consumer. This will generate more revenue besides desisting the consumers to misuse the domestic connections.
3. Temporary Domestic & Temporary NRS Consumer Category:-
Since, from the last two Tariff Petitions, Electricity wing of Engg. Deptt. is requesting to introduce new SPS (Single Point Supply) Category for residents of JJ Clusters/ Slum Dwellers/ Unauthorized Colonies and Structure/ Resident outside Lal Dora to be given through a leading person. However the same was not accepted by the commission. Thus to implement the directions of Hon'ble commission and Hon'ble Court Order in true spirit and to avoid theft of energy and to reduce T&D Losses , two new categories under Temporary Domestic consumer (TDC) and Temporary NRS Consumer (TNC) are introduced to release electricity connections to JJ Clusters/Slum Dwellers/Unauthorized Colonies &

Structures/ Residents outside Lal Dora, with the normal tariff of domestic and NRS consumers respectively.

4. Electric Vehicle Charging Stations/ Charging infrastructure/ Battery Swap :-

This category is introduced under the consideration of Smart City Project electric charging stations are proposed. The usage of power for Charging Infrastructure/ Battery swap should be recognized as a NRS activity therefore these shall be charged under NRS tariff.

5. The Paying Guest registered with Chandigarh Administration shall be charged under NRS category, however the un registered Paying Guests will be charged under DMC category.

6. Simplification of FPPCA formula :- The Electricity wing of Engg. Deptt. is calculating and charging the FPPCA as per the directions of Hon'ble commission but facing difficulties to satisfy stakeholders for its applicability and calculations therefore simplification of FPPCA is requested to make easy & understandable to a common consumer.

Interested persons may file objections/suggestions in six copies on the above matters in person or through email/ registered post on or before **08/02/18** addressed to **"The Secretary, Joint Electricity Regulatory Commission (JERC) for Goa & UTs, Second Floor, HSIIDC office complex, Vanijya Nikunj, Complex, Udyog Vihar, Gurgaon 122016 (Haryana), email: secy-jerc@nic.in"** with a copy to the Superintending Engineer, Electricity OP Circle, Room No. 511, 5th Floor, UT Secretariat, Deluxe Building, Sector-9D, UT Chandigarh- 1600009, email: seelecty@gmail.com.

Copies of the tariff petition for the period 2018-19 can be obtained on written request from the office of the Superintending Engineer, Electricity OP Circle, Room No. 511, 5th Floor, UT Secretariat, Deluxe Building, Sector-9D, UT Chandigarh- 1600009 on payment of Rs. 200/- for each set of tariff petition and related formats.

Interested parties may inspect/peruse the said tariff petition for the FY-2018-19 and take note there of during office hours at the offices mentioned above. The detailed tariff petition for FY-2018-19 is also available on the website of the department at <http://www.chdengineering.gov.in> and that of the commission <http://www.jercuts.gov.in> and can be downloaded from there.

It should be indicated whether the objection is being filed on behalf of any organization or on behalf of category of consumers. It is to be noted that if the sender wants to be heard in person, in which case opportunity would be given by the Commission at the Public Hearing, which is scheduled to be held on **13th Feb, 2018, 10:00 AM onwards** at **The Auditorium Hall , Govt. Art & Museum , Sector-10, UT Chandigarh**

Dated: 22.01.2018

**SE(Electy)'OP' Circle
UT Chandigarh.**