



Telangana State Electricity Regulatory Commission

**5th Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul,
Hyderabad 500004.**

TARIFF ORDER

27th March, 2015

Wheeling Tariffs for Distribution Business for 3rd Control Period

In the Supply Areas of
Northern Power Distribution Company of Telangana Limited (TSNPDCL)
And
Southern Power Distribution Company of Telangana Limited (TSSPDCL)

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**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION
HYDERABAD**

Present

**Sri Ismail Ali Khan, Chairman
Sri H.Srinivasulu, Member
Sri L.Manohar Reddy, Member**

Dated 27th March, 2015

O.P. No.79 of 2015

Northern Power Distribution Company of Telangana Limited (TSNPDCL)

O.P.No.78 of 2015

Southern Power Distribution Company of Telangana Limited (TSSPDCL)

... Applicants

The filings on proposals for approval of Aggregate Revenue Requirement (ARR) and Wheeling charges for the Distribution Business for the third control period (FY 2014-15 to FY 2018-19), made on 4th March, 2015, by the two (2) distribution companies (DISCOMS) of Telangana State, which were admitted by the Commission and assigned O.P. Numbers 79 of 2015 and 78 of 2015 respectively vide the Commission letters No. TSERC/Secy/EAS/S-21/ARR/2015/02, dated 04.03.2015, came up for public hearing before several consumers, the representatives of various consumer organizations, political parties and other stakeholders at Warangal (TSNPDCL) on 12-03-2015 and Hyderabad (TSSPDCL) on 13-03-2015 & 14-03-2015, and having stood over for consideration till this day, the Commission in exercise of the power vested in it by the Electricity Act, 2003 and Andhra Pradesh Electricity Regulatory Commission (Terms & Conditions for determination of tariff for Wheeling and Retail Sale of electricity) Regulation No. 4 of 2005, adopted by TSERC vide its Regulation No. 1 of 2014, hereby passes this common order.

ORDER

CHAPTER- 1

Introduction

1 Background

- 1.1.1. With the enactment of Andhra Pradesh Reorganization Act, 2014, the Telangana state has been carved out from the undivided Andhra Pradesh on 02.06.2014. The 2 districts, Anantapur and Kurnool are delinked from APCPDCL and merged with APSPDCL and 7 Mandals of Khammam district of APNPDCL have been delinked and merged in APEPDCL in accordance with the provisions of AP Reorganisation Act, 2014 and as per ordinance framed by the Government of India on 28.05.2014 vide G.O. Ms. No. 24, dated 29.05.2014. Due to State bifurcation, the name of Northern Power Distribution Company of Andhra Pradesh Limited has been changed to Northern Power Distribution of Company Telangana Limited (TSNPDCL). Further, the name of Central Power Distribution Company of Andhra Pradesh Limited has been changed to Southern Power Distribution of Company Telangana Limited (TSSPDCL). Thus, there are two Distribution Licensees in the State of Telangana i.e., Northern Power Distribution of Company Telangana Limited (TSNPDCL) and Southern Power Distribution of Company Telangana Limited (TSSPDCL).
- 1.1.2. Telangana State Electricity Regulatory Commission (herein referred to as TSERC or Commission) was constituted by the Government of Telangana in terms of the provisions of Schedule XII (C) (3) of the A.P. Reorganisation Act of 2014, read with Section 82 of the Electricity Act of 2003 vide G.O.Ms.No.3, (Energy) (Budget) Department Dt:26.07.2014.
- 1.1.3. TSERC, a statutory body under proviso to Section 82(1) of the Electricity Act, 2003 (herein referred to as the Act) has been authorized in terms of Section 86 & Section 62(1) of the Act to determine the tariff for (1) Supply of electricity by a generating company to a Distribution Licensee (2) Transmission of electricity (3) Wheeling of electricity and (4) Retail Sale of Electricity as the case may be within the state of Telangana.

1.1.4. The erstwhile Regulatory Commission of the undivided state of Andhra Pradesh has issued Regulation No. 3 of 2014 (Reorganisation) Regulation, 2014 on 26.05.2014 consequent to the framing of Andhra Pradesh Reorganisation Act,2014 notified by Government of India on 01.03.2014. Clause 3 of the Regulation states as follows:

“All the notified regulations as well as their supplementary regulations/amendments, rules, orders, proceedings, guidelines, memos, notifications, other instruments issued immediately before 2nd June 2014 by the APERC for conduct of business and other matters shall fully & completely apply to the whole of the states of Telangana and Andhra Pradesh and shall similarly apply in relation to all matters falling within the jurisdiction of the Commission until they altered, repealed or amended by the respective State Electricity Regulatory Commissions.”

1.1.5. The TSERC issued its first regulation, Regulation No. 1 of 2014, on 10.12.2014 (Adoption of Previously Subsisting Regulations, Decisions, Directions or Orders, Licenses and Practice of Directions). Clause 2 of the Regulation states as follows:

“All regulations, decisions, directions or orders, all the licences and practice directions issued by the erstwhile Andhra Pradesh Electricity Regulatory Commission (Regulatory Commission for States of Andhra Pradesh and Telangana) as in existence as on the date of the constitution of the Telangana State Electricity Regulatory Commission and in force, shall mutatis-mutandis apply in relation to the stakeholders in electricity in the State of Telangana including the Commission and shall continue to have effect until duly altered, repealed or amended, any of Regulation by the Commission with effect from the date of notification as per Notification issued by the Government of Telangana in G.O.Ms.No.3 Energy(Budget) Department, dt.26-07-2014 constituting the Commission.”

2. The RegulationNo.4 of 2005, adopted by this Commission as stated above, specifies the Terms and Conditions including principles and procedures for filing of ARR and Tariff proposals for Distribution and Retail Supply Business under Multi Year Tariff (MYT) principles. Accordingly the Licensees have to make the filing for their Annual Aggregate Revenue Requirement (ARR) along with its Filings for Proposed Tariff (FPT) with the

Commission for determination of Wheeling Charges for five years period called Control Period.

3. The erstwhile Andhra Pradesh Electricity Regulatory Commission has determined the ARR and Wheeling Tariffs for the Distribution Business for the Third control Period for four Distribution Licensees of united state of Andhra Pradesh and notified on 9th May, 2014. In view of the bifurcation of the State, as per AP Reorganization Act 2014, certain changes have taken place in the areas of the DISCOMs. Due to this the assets and the liabilities of the DISCOMs also have undergone changes. Hence, considering this aspect, the said erstwhile Commission in paragraph number 6 of Chapter 1 (Introduction) in the said Order stated as follows:

“Accordingly this Commission has decided to issue this order which the nominally indicated as applicable for the 3rd Control Period (2014-19) and which is consistent with its existent regulation, will be subject to review by Successor Regulatory Commissions of the two states whenever deemed necessary by respective Commissions”

For the reasons stated above, the two (2) Distribution Companies (hereinafter referred to as the ‘Distribution Licensees’ or ‘Licensees’ or DISCOMS’) namely, the Northern Power Distribution Company of Telangana Limited (hereinafter referred to as “TSNPDCL” or “NPDCL”) and the Southern Power Distribution Company of Telangana Limited (hereinafter referred to as “TSSPDCL” or “SPDCL”) filed the ARR and Wheeling Charges Petitions for Distribution Business for the balance period (FY 2015-16 to FY 2018-19) of third control period, and also for the first year (FY 2014-15) of 3rd Control Period on 4th March, 2015.

4. The Licensees were to file their ARR & Wheeling Tariff proposals for the third control period by 30th November, 2014 so that 120 days are available to the Commission as per statute to determine the Tariff for the 3rd Control Period commencing (effective date for the Tariff Rates) from 1st April, 2015. The Licensees however did not file ARR & Tariff proposals by 30th November, 2014 explaining the delay was due to certain unavoidable circumstances viz., delay in segregation of assets and liabilities of Anantapur and Kurnool districts from erstwhile APCPDCL and seven Mandals of Khammam district from erstwhile APNPDCL in both Licensees’ areas. They sought extension of time from time

to time. The Commission has granted extension of time. The Licensees have filed the ARR proposals on 4th March, 2015. The delay in filing up to 4th March, 2015 was condoned.

4.1.1 The Petitions for approval of ARR and Wheeling Tariff for Distribution Business for 3rd Control Period (FY 2014-15 to FY2018-19) submitted by the Distribution Licensees were scrutinized and found to be generally in order as required under the APERC (Conduct of Business) Regulations, 1999, as adopted by TSERC vide its Regulation 1 of 2014. The Commission admitted the filings and the same were taken on record by assigning the following Original Petition (O.P.) numbers:

O.P. No. 79 of 2015 for TSNPDCL

O.P. No. 78 of 2015 for TSSPDCL

4.1.2 The Commission directed the Licensees to issue a Public Notice for inviting objections/suggestions on the Petitions.

4.2 The Licensees, as directed by the Commission, published a Public Notice in two English News Papers, two Telugu newspapers and one Urdu newspaper, on 5th March , 2015 as shown in Annexure-B informing the general public that the Licensees have filed before the Commission their ARR and Wheeling Tariff proposals in respect of their distribution business for 3rd Control Period and copies of their filings together with supporting materials were available in the offices of the Chief General Manager/RAC of the respective Licensees at their headquarters and also with all the Superintending Engineer/Operation circles. The filings were also made available on the websites of the Licensees as well as the Commission. This was to facilitate inspection/perusal/purchase of the ARR filings and tariff proposals by interested person(s). Interested person(s) and stakeholders were requested to file their objections/suggestions on the ARR filings and Tariff proposals by 11th March 2015. A copy was also required to be marked to TSERC for record. In the meanwhile, the Commission has conducted the State Advisory Meeting on 4th March, 2015 on the ARR & Tariff filings of the Licensees.

4.2.1 In pursuance of Public Notice, several consumers, representatives of various consumer organizations, political parties and other stakeholders (Total 8 Objectors) submitted objections/suggestions which were replied to by the Licensees. The list of stakeholders who submitted the objections/suggestions is enclosed at Annexure-C. The details regarding number of objectors received are given in the Table below.

Table 1.1: Number of Objections/Suggestions received

Sl. No.	TSNPDCL	TSSPDCL	Total
Objections pertaining to individual DISCOMS	0	3	3
Common (For Both DISCOMs)	5		5
Total			8

4.2.2 The Licensees were also directed to arrange their written replies to all the objectors by 11th March, 2015, before the scheduled public hearing of the concerned Licensee. The replies were also to be posted on their respective websites and the copies of these replies were to be made available to the Commission also. The Commission invited all the Objectors who have filed their objections/suggestions to attend the Public Hearings.

4.2.3 For direct interaction with all stakeholders and public at large so as to give them an opportunity of being heard, the Commission conducted three public hearings on filings Distribution Business for 3rd Control period along with Retail Supply Business for FY 2015-16. The ‘Schedule of Public Hearings’ as given in Table below was informed to the Licensees, all the Objectors, Government of Telangana and was also adequately publicized through press release.

Table 1.2: Schedule of Public Hearings on ARR/Tariff Filings by Licensees

Licensee	Date	Time	Place	Venue
TSNPDCL	12.03.2015	10:30 hrs To 13:30 hrs	Warangal	Zilla Parishad Hall, Warangal
TSSPDCL	13.03.2015 & 14.03.2015	& 14:30 hrs to 17:30 hrs	Hyderabad	RTC Kala Bhavan, Baghlingampally, Hyderabad

4.2.4 During the hearings, the Licensees (DISCOMS) made a brief presentation on their respective filings and then the Commission heard the objectors desiring to be heard in person. At the hearings, apart from the registered objectors, the persons/ organizations that had turned up at the venue directly were also heard and their petitions/suggestions were also considered. At the end, as per the directions of the Commission, the respective Licensees have responded on the issues raised by the objectors during the hearing.

4.2.5 The State Advisory Committee (SAC) meeting was conducted on 4th March, 2015 to elicit the views of the members of the SAC on the ARR & Tariff Proposals of TSNPDCL & TSSPDCL. The views of the members were taken into consideration while determining Tariffs.

4.2.6 All the issues as raised by the stakeholders and Petitioner's response on the same are detailed in Chapter 3 of this Order. In this context it is also to underline that while finalizing the ARR and Wheeling Tariffs for 3rd control period, the Commission has, as far as possible, tried to address the issues as raised by the stakeholders.

4.2.7 The Commission would like to place on record its appreciation for the awareness and public spirit exhibited in the form of large number of letters / suggestions / objections received on the filings of both businesses of DISCOMs. While all the views and opinions expressed and objections / suggestions made by the consumers / objectors may not have been specifically reflected in this order, the Commission has made every effort to capture the spirit and essence of the objections / suggestions and made earnest attempts to respond to them.

Structure of this order

4.2.8 This Order is organised in the following six chapters:

Chapter 1 (Introduction): It provides a background and the details of quasi-judicial regulatory process undertaken by the Commission. For the sake of convenience, a list of abbreviations with their expanded forms has been included.

Chapter 2 (Details of Petition Filed by Distribution Companies): It provides the summary of Filings for ARR and Licensee's Proposed Tariff.

Chapter 3 (Stakeholders' suggestions / objections, DISCOMs' Response and Commission's view): It summarises the interaction with Stakeholders including issues raised by Stakeholders, Licensee's responses, Commission's Views.

Chapter 4 (Commission analysis on ARR Element Wise): It deals with the Analysis of elements (cost) of ARR, year wise, for 3rd Control period (FY2014-15 to FY 2018-19).

Chapter 5 (Wheeling Losses): It deals with calculation of voltage wise Wheeling Capacity and wheeling losses for 3rd Control period (FY2014-15 to FY 2018-19)

Chapter 6 (Wheeling Capacity and Wheeling Tariff): It deals with calculation of Wheeling Capacity and Wheeling Tariff for 3rd Control period (FY2014-15 to FY 2018-19)

Approach of this Order

4.2.9 The approach of the order is based on the Cost plus principle i.e. distribution companies should not run the operation below its cost. However at the same time Commission examined each element of aggregate revenue requirement petition before approving the aggregate requirement and wheeling charges for distribution companies. The due diligence and methodology of determining each element is clearly explained in chapter4.

CHAPTER - 2

Details of Petition Filed by Distribution Companies

5. Investment and Resources Plan

The TSSPDCL (Distribution Licensee) has filed the investment plan for the entire 3rd control period (FY 2014-15 to FY2018-19) which excludes energy infrastructure (liabilities and assets) of Anantapur and Kurnool districts as these Districts are transferred to APSPDCL of existing Andhra Pradesh State as per AP Reorganization Act, 2014. Similarly, TSNPDCL (Distribution Licensee) has filed the investment plan for the entire 3rd control period which excludes energy infrastructure (liabilities and assets) of seven Mandals of Khamman district as these Mandals are transferred to APEPDCL of existing Andhra Pradesh as per ordinance framed by the Government of India on 28.05.2014 vide G.O. Ms. No. 24, dated 29.05.2014. The investment plans have been worked by the two distribution companies, on the following basis:

- 5.1.1 DISCOMs have taken subdivision wise actual sales (LT, 11KV HT, and Total HT sales) for last six years.
- 5.1.2 CAGR has been computed, Subdivision wise, on the actual sales (LT, 11KV HT, and Total HT sales) of the past five years.
- 5.1.3 Based on CAGR computed, the sales are projected year wise for the 3rd Control Period.
- 5.1.4 Based on sales projected, Subdivision wise, year wise, loading on existing network elements (33/11KV substation, PTR, 11KV feeder, and DTR) is computed considering their(network elements) existing loads.
- 5.1.5 The Subdivisions are classified as Urban, Semi- Urban and Rural, based on current location and existing load pattern. This classification helps the Licensees to compute the load density in the area. Since, the load density would be higher in urban areas rather than Semi Urban and Rural area.
- 5.1.6 To arrive the requirements of additional network elements, the following criteria is adopted separately for Urban, semi-Urban and Rural areas:
 - Capacity of 33/11 kV substation in Urban area is limited to 16 MVA, in sub-urban area 10 MVA and for rural area 5 MVA.
 - The threshold loading of the 11kV feeder considered 170Amps and 130 Amps for FY 2014-15 and for FY 2015-16 to FY 2018-19 respectively.

- The weighted average DTR size is considered as 60 KVA in TSSPDCL and 40 KVA in TSNPDCL.

6. After arriving network elements additions, year wise, the investment plan has been computed based on the cost of the network element and its quantity. The price escalation is considered while estimating year wise investment plan.

TSSPDCL proposed to invest a sum of Rs.10287 Cr. during the 3rd Control Period, while TSNPDCL proposed to invest a sum of Rs.5988.4 Cr. during the same Control Period.

Both distribution companies provided the details for each investment scheme proposed during the Control Period. The year wise details of the proposed investments by both Distribution companies are given in Table No.2.1 below

Table No.2.1 –Filings: Proposed Investments, (Rs. Cr.)

Capital Expenditure Summary : TSSPDCL							
All values in Rs Cr.	2014-15	2015-16	2016-17	2017-18	2018-19	Total Control Period (FY 14-19)	
A	Load Growth & Network Strengthening (Base Capex)	1,014	1,557	1,474	1,485	1,623	7,153
	SS Unit Additions (Outdoor)	279	291	313	281	314	1,478
	SS Unit Additions (Indoor)	156	168	182	196	212	914
	PTR Additions	2	18	2	2	-	23
	Feeder Additions	83	159	32	37	106	417
	DTR Additions	495	921	945	969	991	4,322
B	Other Capex Total	472	568	642	707	746	3,134
	AT & C Loss Reduction	75	85	107	128	128	524
	Reliability Improvement & Contingency Schemes	38	45	54	64	77	278
	Renovation & Modernisation	147	170	184	197	212	910
	Technology Up gradation	13	31	32	32	5	113
	New Consumer Capex	24	48	58	69	82	280
	Civil Infrastructure Development	9	10	11	12	14	56
	Land Cost for SS	42	42	46	38	43	210
	Road Cutting Cost (Cables for SS)	48	54	62	71	81	316

	Evacuation from 132/33 kV SS	41	44	47	51	55	238
	Cost of 33 kV Feeder Bifurcation	36	38	42	45	48	209
C	Total Capex Expenditure for DISCOM (A+B)	1,486	2,125	2,116	2,192	2,368	10,287
Capital Expenditure Summary : TSNPDCL							
	All values in Rs Cr.	2014-15	2015-16	2016-17	2017-18	2018-19	Total Control Period (FY 14-19)
A	Load Growth & Network Strengthening (Base Capex)	501	917	945	1,001	1,092	4,456
	SS Unit Additions	103	340	318	300	324	1,385
	PTR Additions	7	6	7	7	7	34
	Feeder Additions	39	35	36	59	73	241
	DTR Additions	352	536	584	635	688	2,795
B	Other Capex Total	312.6	394.5	253.4	277.0	295.2	1532.7
	AT & C Loss Reduction	143.7	176.7	29.5	31.8	34.3	416.0
	Reliability Improvement & Contingency Schemes	56.1	64.0	73.6	84.9	98.1	376.8
	Renovation & Modernisation	53.3	79.9	79.4	86.5	89.5	388.6
	Technology Up gradation	29.5	31.0	26.8	28.3	29.7	145.3
	New Consumer Capex	24.6	29.6	31.1	32.4	31.7	149.4
	Civil Infrastructure Development	4.1	9.4	9.1	9.7	8.2	40.6
	Land Cost for SS	1.2	3.9	3.7	3.5	3.7	16
C	Total Capex Expenditure for DISCOM (A+B)	813.3	1311.3	1198.4	1277.9	1387.6	5988.4

7. Asset Additions

Total capitalisation for the 3rd Control Period has been projected based on the following assumptions:

- 60% of capital investments during the year are assumed to be capitalized every year by TSSPDCL while TSNPDCL assumed 50% of capital investments getting capitalized every year.

- 100% of the opening Capital Work-in-Progress for the year will be assumed to be completed and also be capitalized during the year.
- IDC (Interest During Construction) has been calculated as a percentage of the average Capital Works-in-Progress for the year.
- The average cost of debt assumed to be 12.25% by TSSPDCL and 12.50 % by TSNPDCL for the control period.
- The Expenses Capitalized has been projected at 10% of Capital Expenditure incurred for the year.

Based on above assumptions, the Licensees claimed total asset addition for 3rd Control period.

8. Depreciation, Working Capital and Regulated Rate Base

8.1. Depreciation: The Licensees have computed the asset base at the end of year by adding asset addition during the year to asset base at the beginning of the year. The licensees have calculated depreciation considering the capitalization schedules and fully depreciated assets for the control period. While computing depreciation, TSSPDCL adopted Ministry of Power guidelines, and TSNPDCL has followed rates as per Electricity Supply Annual Accounts Rule. The licensees have computed depreciation for full year on the Opening balance of assets and for six months for the assets capitalized during the year after removing fully depreciated assets(if any).

8.2. Working Capital: The two Licensees have calculated Working Capital requirement as per Regulatory norm i.e.1/12th of O&M expenses.

8.3. Regulated Rate Base: Regulated Rate Base (RRB) for the year is equal to sum of opening balance of RRB, change in RRB and working capital required for the year. Regulated Rate base at the opening of the year is equal to original cost of Fixed Assets adjusted with Accumulated depreciation and outstanding Consumer Contributions.

The Licensee filings on Capital Base, Depreciation, Working Capital and Regulated Rate Base of 3rd control period are given Table 2.2 below

Table No.2.2 –Filings: Capital Base, Depreciation, Working Capital and Regulated Rate Base (Rs. Cr.)

Particulars (TSSPDCL)	2014-15	2015-16	2016-17	2017-18	2018-19
Assets	8596.27	10725.09	13125.52	15581.09	18202.91
OCFA Opening Balance	6777.33	8596.27	10725.09	13125.52	15581.09
Additions to OCFA	1818.94	2128.82	2400.43	2455.57	2621.82
Depreciation	3626.10	4263.83	5044.81	5998.49	7132.51
Opening Balance	3118.44	3626.10	4263.83	5044.81	5998.49
Depreciation during the Year	507.66	637.74	780.98	953.68	1134.02
Consumer Contributions	1663.37	1993.55	2373.33	2723.32	2750.00
Cons Contributions Opening Balance	1622.75	1663.37	1993.55	2373.33	2723.32
Additions to Cons Contributions	40.62	330.18	379.78	349.99	26.68
Working Capital	102.19	126.26	156.60	189.99	228.25
Change in Rate Base	635.33	580.45	619.84	575.95	730.56
Regulated Rate Base	2773.66	4013.52	5244.15	6473.32	7818.09

Particulars – (TSNPDCL)	2014-15	2015-16	2016-17	2017-18	2018-19
Assets	4749.60	5934.67	7413.61	8848.63	10400.70
OCFA Opening Balance	3944.50	4749.60	5934.67	7413.61	8848.63
Additions to OCFA	805.11	1185.07	1478.93	1435.02	1552.08
Depreciation	2293.21	2640.50	3078.58	3614.03	4249.96
Opening Balance	2017.98	2293.21	2640.50	3078.58	3614.03
Depreciation during the Year	275.23	347.28	438.08	535.45	635.94
Consumer Contributions	754.95	1083.31	1431.11	1655.21	1730.63
Cons Contributions Opening Balance	657.26	754.95	1083.31	1431.11	1655.21
Additions to Cons Contributions	97.68	328.36	347.80	224.10	75.42
Working Capital	73.55	88.30	117.63	146.49	180.05
Change in Rate Base	216.09	254.71	346.53	337.74	420.36
Regulated Rate Base	1558.90	2044.46	2675.02	3388.15	4179.80

9. Weighted Average Cost Of Capital

The Weighted average Cost of Capital (WACC) arrived for the five years of Control Period is as given in Table No 2.3

Table No. 2.3 – Filings: Cost of Capital

TSSPDCL	2014-15	2015-16	2016-17	2017-18	2018-19
Capital Structure					
Debt Percent	75.00%	75.00%	75.00%	75.00%	75.00%
Equity percent	25.00%	25.00%	25.00%	25.00%	25.00%
Cost of Funds					
Cost of Debt percent	11.53%	11.67%	11.58%	11.72%	11.76%
Return on Equity percent	14.00%	14.00%	14.00%	14.00%	14.00%
WACC	12.15%	12.25%	12.19%	12.29%	12.32%

TSNPDCL	2014-15	2015-16	2016-17	2017-18	2018-19
Capital Structure					
Debt Percent	75.00%	75.00%	75.00%	75.00%	75.00%
Equity percent	25.00%	25.00%	25.00%	25.00%	25.00%
Cost of Funds					
Cost of Debt percent	12.50%	12.66%	12.71%	12.73%	12.73%
Return on Equity percent	14.00%	14.00%	14.00%	14.00%	14.00%
WACC	12.88%	13.00%	13.03%	13.05%	13.05%

10. Return on Capital Employed

Return on capital employed is calculated based on Regulated Rate base and weighted average cost of capital. Return on Capital Employed as filed by the two distribution companies is given in Table 2.4

Table No. 2.4 – Filings: Return on Capital Employed (Rs Cr.)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
TSSPDCL	336.99	491.74	639.10	795.48	963.14
TSNPDCL	200.76	265.68	348.57	442.11	545.51

11. Operation and Maintenance Cost

As per Clause 6.3 (a) of the Regulation 4 of 2005, Operation and maintenance cost contains three important components. These components are employee cost, Administrative and General Overheads, and repair and maintenance expenses. Employee Expenses (EE) includes Salaries, wages and other employee cost such as gratuity and terminal benefits; Administrative & General cost (A&G) includes legal charges, audit

fees, rent, rates and taxes; Repairs and Maintenance (R&M) includes equipment maintenance, repairs, fault corrections, etc.

12. The Licensee proposes norm based methodology to project O&M expenses for the Third Control period. This method accounts for both inflationary cost on existing O&M expenses and increase in expenses due to addition of employees & office space. Licensee proposed methodology correlates expenses to sales (including open access) and Gross fixed assets as shown below.

- Employee expenses (EE) and Administrative & General (A&G) expenses are based on total sales in the distribution Companies
- Repairs and Maintenance expenses (R&M) is based on Gross fixed assets (GFA)

Based on above methodologies, norms fixed by TSSPDCL are given in Table 2.5

Table No. 2.5 – Filings: Norms by TSSPDCL

Employee Expenses/ A&G Unit cost computation		FY 13-14
Total sales	MU	25651
Employee Expenses/Sales	Rs./Unit	0.29
A&G Expenses/Sales	Rs./Unit	0.03
(EE and A&G Expenses)/Sales	Rs./Unit	0.32
Norms for R&M expenses in % of GFA		2.42%

Based on above methodologies, norms fixed by TSNPDCL are given in Table 2.6

Table No. 2.6– Filings: Norms by TSNPDCL

Employee Expenses/ A&G Unit cost computation		FY 13-14
Total sales	MU	10,287
Employee Expenses/Sales	Rs./Unit	0.54
A&G Expenses/Sales	Rs./Unit	0.06
(EE and A&G Expenses)/Sales	Rs./Unit	0.60
Norms for R&M expenses in % of GFA		1.13%

13. Escalations

Employee expenses and A&G expenses are linked to inflation and thus escalated using (Consumer Price Index) CPI and (Wholesale Price Index) WPI. A weighted average of CAGR of Consumer price index and CAGR of Whole sale price index from FY 2009-10 to FY 2014-15 has been taken for consideration. The licensees have assigned 80% and 20% weights to CPI and WPI respectively and arrived at escalation rate of 9.28%.

The licensees have, computed the Operation and Maintenance expenses based on the norms, sales projected for 3rd control period and escalation, filed as shown in the given Table 2.7

Table No. 2.7 – Filings: O&M Expenses (Rs. Cr)

O&M cost projection in Rs. Cr. for TSSPDCL						
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Total
Employee Cost	934	1,151	1,429	1,736	2,093	7,343
A&G Expenses	106	131	162	197	238	833
R&M Cost	186	234	288	347	408	1,463
Total O&M Expenses	1,226	1,515	1,879	2,280	2,739	9,640

O&M cost projection in Rs. Cr. for TSNPDCL						
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	Total
Employee Cost	663	796	1073	1336	1651	5519
A&G Expenses	68	81	110	137	169	565
R&M Cost	45	54	67	84	100	350
Total O&M Expenses	775	931	1250	1557	1920	6433

14. Special Appropriations

The two licensees have also filed for the special appropriation for the expenses to be incurred for safety measures. The filing amount has been given in Table no 2.8

Table No. 2.8 – Filings: Special Appropriation (Rs Cr.)

DISCOM	2014-15	2015-16	2016-17	2017-18	2018-19
TSSPDCL	30.00	35.00	40.00	45.00	50.00
TSNPDCL	5.00	5.00	5.00	5.00	5.00

15. Summary of ARR, and Proposed Revenue Gap by TSSPDCL and TSNPDCL

The filing done by TSSPDCL excludes the figures of Anantapur and Kurnool circles. Further, ARR of the base year i.e., FY2013-14 excludes Anantapur and Kurnool circles data from TSSPDCL. The filing done by TSNPDCL also excludes figures of 7 mandals of Khammam district transferred to APDISCOMS.

The ARR and Tariff Proposals (“Wheeling Charges”) for the Distribution Business of the licensee for the 3rd Control Period (FY2014-15 to FY2018-19), includes -

- (a) True-up for FY2013-14 of Distribution Business

(b) Capital Expenditure Plan for 3rd Control Period

(c) Loss Reduction Trajectory

TSSPDCL filing for the truing-up of Rs.93.18 Cr. includes carrying cost for the terminal year of 2nd MYT Control Period i.e., FY2013-14. TSNPDCL proposal covers for the truing-up of 96 Cr. including carrying cost for the same. The TSNPDCL has amortised the true-up cost for the entire 3rd control period with interest of 12.5% p.a.

Summary of ARR line items and revenue for 3rd Control period has been shown in Table 2.9 below

Table No.2.9 – TSSPDCL and TSNPDCL Filings: Aggregate Revenue Requirement

Filings Made by TSSPDCL		(Rs Cr)				
Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Operation and Maintenance Charges	1001.09	1226.24	1515.12	1879.21	2279.90	2739.02
Depreciation	405.74	507.66	637.74	780.98	953.68	1134.02
Advance Against Depreciation						
Taxes on Income	0.00	36.61	52.98	69.22	85.45	103.20
Other Expenditure	0.00	0.48	93.69	0.53	0.56	0.59
Special Appropriations	0.00	30.00	35.00	40.00	45.00	50.00
Total Expenditure	1406.83	1800.99	2334.53	2769.94	3364.59	4026.84
Less: IDC and expenses capitalized						
Less: O&M expenses capitalized	68.62	147.17	208.83	207.14	213.94	230.65
Net Expenditure	1338.21	1653.82	2125.69	2562.80	3150.65	3796.19
Add Return on Capital Employed	261.11	336.99	491.74	639.10	795.48	963.14
Total Distribution ARR	1599.32	1990.82	2617.43	3201.90	3946.14	4759.32
Less: Wheeling Revenue from Third Party/Open Access/NTI (if any)	229.59	241.30	266.26	304.06	346.23	378.97
Revenue Requirement, (Net transferred to Retail Supply Business)	1369.73	1749.52	2351.17	2897.83	3599.90	4380.35

Filings Made by TSNPDCL

(Rs Cr)

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Operation and Maintenance Charges	668.11	775.48	930.66	1250.37	1556.63	1920.28
Depreciation	225.65	275.23	347.28	438.08	535.45	635.94
Advance Against Depreciation						
Taxes on Income	0.0	20.58	26.99	35.31	44.72	55.17
Other Expenditure	1.19	-2.86	28.17	26.50	24.86	22.94
Special Appropriations	0.24	5.00	5.00	5.00	5.00	5.00
Total Expenditure	895.19	1073.43	1338.10	1755.26	2166.66	2639.34
Less: IDC and expenses capitalized						
Less: O&M expenses capitalized	21.76	68.60	110.60	101.08	107.79	117.04
Net Expenditure	873.43	1004.84	1227.50	1654.18	2058.87	2522.30
Add Return on Capital Employed	154.41	200.76	265.68	348.57	442.11	545.51
Total Distribution ARR	1027.84	1205.60	1493.18	2002.75	2500.99	3067.81
Less: Wheeling Revenue from Third Party/Open Access/NTI (if any)	72.22	68.15	91.93	121.81	148.00	163.39
Revenue Requirement, (Net transferred to Retail Supply Business)	955.62	1137.45	1401.25	1880.94	2352.99	2904.42

16. Wheeling Losses

The DISCOMs have proposed voltage wise loss trajectory in percentage terms, at three voltage levels i.e. 33KV, 11 KV and LT, as per the existing classification in the distribution system to pay in kind by the users of distribution system in their license areas. The filing is done as per provisions of Clause no 6.3(d) of Regulation 4 of 2005. Any person who utilizes the distribution to wheel the electricity is expected to pay the wheeling charge and compensate for distribution losses at proposed level for each year of the Control Period. The Loss trajectory filed by licensees are shown in Table 2.10 below

Table No. 2.10 – Filing: Loss trajectory

The Loss trajectory filed by TSSPDCL					
Losses	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
LT Loss (%)	8.87%	8.52%	8.18%	7.85%	7.54%
11 kV Loss (%)	5.28%	5.07%	4.87%	4.67%	4.48%
33 kV Loss (%)	4.32%	4.15%	3.98%	3.82%	3.67%

The Loss trajectory filed by TSNPDCL					
Losses	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
LT Loss (%)	7.34%	7.04%	6.76%	6.49%	6.23%
11 kV Loss (%)	4.56%	4.38%	4.20%	4.03%	3.87%
33 kV Loss (%)	4.32%	4.15%	3.98%	3.82%	3.67%

17. Wheeling Capacity

The distribution companies i.e. TSSPDCL and TSNPDCL have made filings, year wise, voltage wise, Wheeling capacity in accordance with the Regulation 4 of 2005 which is required to arrive at the total demand at each voltage level so as to compute the year wise voltage wise wheeling charges based on the year wise approved ARR for distribution business.

For arriving the voltage wise demand, the DISCOMs have captured the historical Contracted Demand of 33 kV and 11 kV. Coincident demand of LT category is arrived by considering 25% of the connected load due to high diversity factor in LT connected load. Considering the historical growth of the above, the DISCOMs have projected the Contracted Demand of 33 kV and 11 kV and Coincident demand of LT for each year of the third Control Period as shown in the below Table No. 2.11.

Table No. 2.11 - Filings: Voltage Wise Wheeling Demand in MW

TSSPDCL - Voltage-wise Contracted Capacities in MW						
Sl. No	Voltage Level	2014-15	2015-16	2016-17	2017-18	2018-19
1	33KV	1,435	1,547	1,668	1,799	1,939
2	11KV	1,947	2,135	2,342	2,568	2,817
3	Low Tension	2,804	3,021	3,256	3,509	3,781

TSNPDCL - Voltage-wise Contracted Capacities in MW						
Sl. No	Voltage Level	2014-15	2015-16	2016-17	2017-18	2018-19
1	33KV	162	208	266	340	435
2	11KV	350	387	429	475	526
3	Low Tension	1,577	1,762	1,968	2,199	2,457

18. The total demand incident at each voltage level, computed by Licensees for arriving wheeling charges, is as indicated below:

- The Load at 33 KV contributed from all voltages has been computed by adding up the following:
 - Grossed up 33 kV Contracted Load with 33 kV losses
 - Grossed 11 kV Contracted Load with 11 kV losses and further by 33 kV losses
 - Coincident Demand of LT estimated at 33 KV
- The Load at 11 kV contributed from all the voltages was computed by adding the following
 - Grossed up 11 kV Contracted load with 11 kV losses
 - Coincident demand of LT estimated at 33 KV grossed down with 33 kV losses
- The Load at LT contributed from all the voltages was computed by adding the following
 - Coincident demand of LT estimated at 33 KV grossed down with 33 KV losses and further by 11 kV losses

The below Table No 2.12 lists the total Demand incident at each voltage after adjusting losses.

Table No.2.12 – Filings: Total Demand Contribution in MW at each voltage level after loss adjustment as filed by Distribution Companies

Total Demand contribution at each voltage level after loss adjustment – MW						
TSSPDCL		FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
1	Load at 33 kV	7,043	7,590	8,183	8,824	9,519
2	Load at 11 kV	5,304	5,728	6,189	6,688	7,230
3	Load at LT	3,077	3,303	3,546	3,808	4,089

Total Demand contribution at each voltage level after loss adjustment – MW						
TSNPDCCL		FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
1	Load at 33 kV	2,417	2,707	3,038	3,416	3,849
2	Load at 11 kV	2,150	2,387	2,652	2,945	3,273
3	Load at LT	1,702	1,895	2,111	2,352	2,620

19. Wheeling Charge

The Licensees computed the wheeling charges, apportioning the projected Aggregate Revenue Requirement to each voltage level based on assets and sales and dividing this apportioned ARR with total demand incident at each voltage level. The wheeling charges so computed are used for the purpose of collecting the Wheeling amount from the users of distribution system in their respective licensed areas. The Wheeling tariff computed is indicated in Table No. 2.13 below.

Table No.2.13 – Filings: TSSPDCL and TSNPDCL filings: Wheeling tariff for the Control Period

Wheeling Tariff – Rs./kVA/month for TSSPDCL					
Voltage Level	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
33 kV (Rs./kVA/Month)	46.90	58.90	67.58	77.31	84.08
11 kV (Rs./kVA/Month)	199.41	256.72	298.99	347.45	391.12
LT (Rs./kVA/Month)	357.51	436.89	492.01	561.03	630.91

Wheeling Tariff – Rs./kVA/month for TSNPDCL					
Voltage Level	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
33 kV (Rs./kVA/Month)	50.79	52.06	62.31	68.44	74.99
11 kV (Rs./kVA/Month)	245.11	272.97	331.18	370.87	410.45
LT (Rs./kVA/Month)	541.38	596.56	715.71	800.98	884.06

CHAPTER - 3

Stakeholders' suggestions / objections, Petitioner's Response and Commission's view

20. (A) Objections: Sri Kavali Bhikshapati stated that the delay for more than two months in submitting ARR and tariff proposals by the DISCOMs to the Commission lacks justification. As a result of this avoidable delay, the Commission, obviously, with a view to completing the regulatory process and giving its tariff order for 2015-16 in time to be effective from 1st April, 2015, could not give the normal one month period for interested public to submit their suggestions and objections. After the DISCOMs submitted their tariff proposals to the Commission, and after publication of advertisement on 11.2.2015 (for retail supply) and 05.03.2015 (for distribution business) calling for suggestions and objections. Copies of ARR with tariff proposals were made available thereafter. Therefore, he requested the Commission to direct the DISCOMs to send their replies to his objections and suggestions by email followed by hard copies in time to enable him to study the same and make further submissions in person during the public hearings.

(B) DISCOM's Response: The delay in filings by the licensees was mainly due to the following reasons: Consequent to the state bifurcation on June 2nd 2014, for TSSPDCL, two circles namely, Anantapur and Kurnool were demerged and reassigned to APSPDCL. As the MYT tariff order issued by the Commission includes ARR of Anantapur and Kurnool circles for TSSPDCL, it was required to revise the Distribution cost for 3rd control period for FY 2014-15 to FY 2018-19. Hence, the licensees had to segregate the financial statements in the event of state bifurcation as these formed the basis for revision of the Distribution cost from FY 2014-15 to FY 2018-19 and also needed time for firming up power/fuel availability and cost thereof from various sources. Due to delay in preparation and receiving the information which would have a material impact on the overall ARR for the ensuing year and the measures to be adopted by the licensee in addressing it, the licensees were forced to submit the filings with a delay so as to finalize the distribution cost and power purchase cost projections accurately. The purpose of filing objections was to receive the comments of the consumers broadly about the claims made by the DISCOMs, thereby the Hon'ble Commission would be obligated to examine the said claims in detail from the stand point of the objections that was raised by consumer(s).

No part of the existing regulations mandates requirement of thirty days time. However, the time given by the Hon'ble Commission was almost 1 month (for retail supply) which is reasonably sufficient to respond on the claims of the DISCOMs.

(C) Commission's View: The licensees were directed to furnish the replies through special messenger to the objectors to the extent possible. The licensees are directed to submit the filings 120 days in advance in future, w.r.t. effective date of tariffs, as stipulated in the Regulation.

21. (A) Objections: Sri M.Kodanda Reddy of Telangana Kisan-Kheth Mazdoor Congress stated about the deaths and casualties which was highly avoidable. These deaths were taking place due to neglect of rural network by the DISCOMs. Every year the Commission allowed Rs. 5 Cr. to be spent by the DISCOMs on safety measures to avoid such deaths. But DISCOMs did not care to utilise them. NPDCL spent Rs. 34.25 lakh during 2013-14 and Rs. 12.29 Cr. during first half of 2014-15. If the safety of DTRs were improved many of these deaths could have been avoided

(B) DISCOM's Response: During the financial year 2013-14 Rs. 35 Cr. expenditure incurred towards Renovation & Modernisation Works and Reliability Improvement and Contingency Works for network strengthening. Out of that expenditure in rural is Rs. 17.23 Cr. and urban Rs. 17.77 Cr.

(C) Commission's View: The licensees are expected to avoid the accidents occurring due to poor quality and maintenance of network (including DTR structures). In this regard a directive has been issued in the Retail Supply Tariff order for FY 2015-16. The Commission has approved under special appropriation for an amount Rs. 200 Cr. for TSSPDCL and Rs 293 Cr. for TSNPDCL for the 3rd control period towards safety measures.

22. (A) Objections: Telangana Textiles and Spinning Mills Association requested DISCOMs that truing up has to be undertaken for all the years of the second control period as per the provisions of the Tariff Regulations and necessary adjustment may be passed on along

with the ARR and Tariff Order for FY 2015-16. Moreover objector suggested that trueing up exercise should happen on yearly basis.

(B) Response of DISCOMs: TSSPDCL responded that as per the amended regulation 4 of 2005, TSSPDCL also claimed True up for the FY 2013-14 of 2nd Control Period.

(C) Commission's View: The Discoms have to file the true-up for the entire second control period as per the Regulation 4 of 2005. It is not correct to file true-up for one year period. The True-up for the first control period has also to be filed afresh after segregating the assets and liabilities of the areas transferred from TSDISCOMS to APDISCOMS.

The Discoms (TSSPDCL and TSNPDCL) are directed to file the true up proposals of Distribution Business for both control periods (i.e., 1st Control Period and 2nd Control Period) after segregating the assets and liabilities of Anantapur and Kurnool districts from APCPDCL and seven mandals of APNPDCL in line with AP Reorganisation Act, 2014, as per prevailing Regulation.

23. (A) Objection: Telanagana Textiles and Spinning Mills Association, while citing Regulation 10.6 of the Tariff Regulations which provides “the Distribution Licensee in its annual filings during the Control Period shall present gains and losses for each controllable item of the Aggregate Revenue Requirement. A statement of gain and loss against each controllable item will be presented after adjusting for any variations on account of uncontrollable factors”, requested the Commission to direct the Licensees to submit such statement and opportunity may be provided to the Objector / consumers to provide comments on such submissions. Further it was submitted that the deviations should be approved and gains and losses should be shared with the consumers on a yearly basis.

(B) Response of DISCOMs: DISCOMs stated that the 10.7 of the Regulation 4 of 2005 reads as under:

“For the purpose of sharing gains and losses with the consumers, only aggregate gains or losses for the Control Period as a whole will be considered. The Commission will review the gains and losses for each item of the ARR and make appropriate adjustments wherever required:

Provided that for the first Control Period, insofar as the gains and losses from the Retail Supply Business of the Distribution Licensee are concerned, these will be shared with the consumers on yearly basis”

Accordingly, DISCOMs furnished the information related to deviation in the controllable items in the ARR for the second control period along with detailed reasons.

(C) Commission’s view: The DISCOMs are directed to file the True-ups/True-downs for both the Control periods indicating the reasons for variations item-wise for both controllable and uncontrollable items as per the Regulation 4 of 2005, by 30th September 2015 to enable the Commission to conduct study in detail in a transparent manner before issuing of order.

24. (A) Objections: Telangana Textiles and Spinning Mills Association raised the objection for not providing separate estimates for technical and commercial losses, except description of measures aimed at reduction of the same in the ARR filed by Licensees. Objector said that distribution loss is a controllable factor under the MYT framework. Objector, therefore, requested the Commission to carry out proper loss estimation studies for assessment of technical and commercial losses under its supervision, or initiate a study itself. The study should segregate voltage-wise distribution losses into technical loss (i.e. Ohmic/Core loss in the lines, substations and equipment) and commercial loss (i.e. unaccounted energy due to metering inaccuracies/inadequacies, pilferage of energy, improper billing, no billing, unrealized revenues etc.).

(B) DISCOM’s Response: DISCOMs stated that they are committed towards reducing distribution losses through theft control, proper categorization of services, replacement of electro-mechanical meters with electronic meters, shifting of meters from inside to outside of the house, replacement of defective meters on monthly basis, inspection of UDC and OSL services, regularization of unauthorized services, and sealing of meters.

(C) Commission’s View: The Discoms are directed to segregate the Technical and Commercial losses of a feeder. Begin with segregation of losses for 11 kV feeders where both losses exist. The technical losses may be computed based on the load factor, loss load factor, peak load and monthly consumption. After segregating the technical losses

from total losses of a feeder, action may be taken to curb down the commercial losses which does not involve much expenditure. Where technical losses found high, necessary action may be taken to reduce the losses by spending amount allocated under investment plan.

25. (A) Objections: Sri V Anil Reddy of FAPCCI, objected to the time frame of filing – submission of suggestions /objections –public hearing and passing of final orders by the Commission. He said that it could be noticed that Commission has given only 7 days time to the stake holders to file their objections. It is impossible to make prudent study of proposals filed for full control period of 5 years in seven days and make comments /suggestions on the same. Also, the Commission conducted public hearing on proposals on March 14, 2015 which implies that neither the DISCOMs willing to give replies to the objections made by stake holders nor the Hon’ble Commission desires to direct the DISCOMs to give the replies”. Objector also requested the Commission to give a minimum of 30 days time to consumers for filing objections and re-conduct public hearing on ARR and Tariff (wheeling charges) proposal for distribution business under the MYT framework for the Third Control Period.

(B) DISCOMs Response: DISCOMs have not replied to the objection as it was raised after public hearing.

(C) Commission’s View: In this regard the Discoms were already directed in earlier paras to make filings in time.

26. (A) Objections: Sri Ananth Nakirikati of Arhyama Solar Power Pvt Ltd. and Sri L.K. Baid of Bhagyanagar India Limited objected to the levy of the wheeling charges on solar developers. They said that in the Tariff order dated May 9, 2014, issued by erstwhile APERC for wheeling charges for 3rd Control Period, vide page 87, says “in line with government policy there shall be no wheeling charges for Non-Conventional Energy generators using wind, solar , and Mini-Hydel sources”. Therefore, by levying the wheeling charges, TSSPDCL has been violating/ ignoring the government orders and regulatory Commission orders. Therefore, they requested the Commission to extend the benefits in the policy to solar developers.

(B) DISCOMs Response: DISCOMs have not replied to the objection as it was raised after public hearing.

(C) Commission's View: There is no policy issued in this regard by the Government of Telangana applicable for FY 2015-16 to FY 2018-19.

27. (A) Objections: Sri Maram Prasad of Bravo Energies Private Limited objected on levying of wheeling charges on 2X660KW Mini Hydel Power Project at Burgugadda Village, Nalgonda District. He said that Bravo Energies Private Limited entered into an agreement with APCPDCL in November, 2013 for generation of 1200KW under generation of Power under captive consumption under long term Intra State open Access. He said that APCPDCL was charging 2014.79/KVA per month towards wheeling charges which is very high unreasonable and detrimental for the development of smaller hydro projects. Therefore, he requested Commission to issue appropriate orders for exemption of wheeling charges as envisaged in wheeling tariff for Distribution Business Tariff Order dated May 9, 2014. He further requested to release service limited to Auxiliary requirements only which is in conformity to the guideline of CERC's Regulation of 2012.

(B) DISCOMs Response: DISCOMs have not replied to the objection as it was raised after public hearing.

(C) Commission's View: The Discoms are supposed to follow the terms and conditions of the Tariff Order dated 9.05.2014, as long as it is in force.

The Discoms are directed to examine and furnish the reply on the issue raised on release of service limiting his contracted load to meet the auxiliary consumption of his generator.

CHAPTER - 4
Element Wise Analysis of ARR

28. Investment Plan

Commission examined the investment plan as a part of Resource plan filed and modified the sub-division wise CAGR on the following grounds:

- Abnormalities of CAGR
- On the basis of anticipated additional load growth in the sub-divisions in and around the major towns and cities,

The CAGR has been used to project the load growth year wise for arriving the investment plan for 3rd Control Period. Further, the Commission is of view that the Base investment plan proposed by Discoms were on higher side. Similarly Other Capital investments (expenditure) proposed were also observed to be on higher side especially in some of the items such as (1) large quantity of meters proposed for replacement (2) many additions of lines (3) breakers in Substation.

The Commission after considering (1) the actual expenditure incurred during 2nd control period against the approved investment, (2) present network, (3) availability of land for new sub stations in rural areas and (4) necessity of investments proposed, modified the assumptions made and thus derived the Base Capex (investment). The modified assumptions are as follows

- The Capacity of Substation was considered as 10 MVA in rural area, 15 MVA in Semi- urban area and 24 MVA in Urban area (major cities).
- The average size of DTRs was considered as 40 KVA for both Distribution companies.
- The threshold loading of the 11 KV feeders in all areas was considered at 170 amps for FY 2014-15 and 130 amps for remaining years of the control period.

Other Capital expenditure proposed was also reduced considering the expenditure incurred on the items in previous control period and its necessity.

Considering the above assumptions and other financial aspects, the investment computed and approved is as indicated in Table no 4.1 below and Annexure E

Table No.4.1 – Approved Investment for TSSPDCL and TSNPDCL

(Rs. Cr.)

TSSPDCL Capital Expenditure Summary (Rs. Cr.)						
Elements of Capex	2014-15	2015-16	2016-17	2017-18	2018-19	Total Control Period
Load Growth & Network Strengthening (Base Capex)	924	1,034	1,025	1,055	1,072	5,111
SS Unit Additions (Outdoor)	91	178	150	128	153	700
SS Unit Additions (Indoor)	156	151	163	177	191	838
PTR Additions (Existing SS)	10	69	10	7	8	105
Feeder Additions	176	56	103	128	89	552
DTR Additions	490	581	598	615	632	2,916
Other Capex Total	258	294	324	348	341	1,565
AT & C Loss Reduction	41	42	51	61	52	247
Reliability Improvement & Contingency Schemes	7	8	9	10	12	46
Renovation & Modernisation	70	78	87	96	106	439
Technology Up gradation	13	31	32	32	5	113
New Consumer Capex	48	52	57	62	68	287
Civil Infrastructure Development	9	10	11	12	14	56
Land Cost for SS	42	42	46	38	43	210
Road Cutting Cost (Cables for SS)	12	13	16	19	22	82
Evacuation from 132/33 kV SS	3	3	0	0	0	6
Cost of 33 kV Feeder Bifurcation	14	15	16	17	18	79
Total Capex Expenditure for DISCOM (A+B)	1,182	1,328	1,350	1,403	1,414	6,676

TSNPDCL Capital Expenditure Summary						
All values in RsCrs	2014-15	2015-16	2016-17	2017-18	2018-19	Total Control Period
Load Growth & Network Strengthening (Base Capex)	496	707	760	817	877	3,657
SS Unit Additions (Outdoor)	42	131	134	107	178	593
SS Unit Additions (Indoor)	-	-	-	-	-	-
PTR Unit Additions	7	6	7	7	7	34

Feeder Unit Additions	95	31	42	90	43	300
DTR Unit Additions (40 kVA capacity)	352	539	577	614	648	2,730
Other Capex Total	213	277	145	154	160	949
AT & C Loss Reduction	130	162	27	29	32	379
Reliability Improvement & Contingency Schemes	15	20	21	23	25	104
Renovation & Modernisation	30	47	53	58	58	246
Technology Up gradation	28	29	25	26	28	137
New Consumer Capex	6	8	8	7	7	35
Civil Infrastructure Development	4	9	9	10	8	41
Land Cost for SS	0	2	2	1	2	7
Road Cutting Cost (Cables for SS)	0	0	0	0	0	-
Total Capex Expenditure for DISCOM (A+B)	709	983	905	971	1,037	4,606

Further the number of additional sub-stations, DTRs and length of line approved under the said Investment plan based on which investment now approved is shown in the **Annexure-D**

29. Total Capitalization

Total capitalisation for the Base Year and the Control Period has been calculated by Commission based on the following assumptions:

- After considering past years capitalisation, the Commission determined the year wise capitalization of investments approved for the control period.
- IDC (Interest during Construction) has been computed considering opening balance of CWIP for 3 months, and 50% of investments approved during the year. The average cost of debt assumed to be 12.0% for the control period.

- The Expenses Capitalized has been projected at 8% of Capital Expenditure incurred for the year.

Thus, capital investment undertaken and its capitalization for the Base Year and Control Period as given in Table 4.2 below:

Table No.4.2 – Approved TSSPDCL and TSNPDCL Capitalization, (Rs. Cr.)

Particulars	TSSPDCL				
	2014-15	2015-16	2016-17	2017-18	2018-19
New Investment	1,181.59	1,327.92	1,349.72	1,403.16	1,413.78
Expenses Capitalised	94.53	106.23	107.98	112.25	113.10
Interest During Construction	91.97	109.37	113.85	117.83	119.56
Investment Capitalised	1,204.47	1,504.45	1,636.99	1,696.06	1,738.57

Particulars	TSNPDCCL				
	2014-15	2015-16	2016-17	2017-18	2018-19
New Investment	709.23	983.34	905.11	971.47	1,036.74
Expenses Capitalised	56.74	78.67	72.41	77.72	82.94
Interest During Construction	51.54	77.61	78.09	81.04	86.52
Investment Capitalised	540.61	954.56	1,100.50	1,088.79	1,162.87

30. Depreciation

The Commission has determined the asset base and Depreciation based on the following guidelines.

- The cost of fixed asset base in the audited accounts for FY 2013-14 were taken as the base year for future projections
- To the extent possible and identifiable, the value of fully depreciated assets appearing in asset registers was removed.
- The approved capitalization schedule for first year of the Control Period was applied to the base year for arriving at the opening value of assets for second year of the Control Period .Similarly subsequent years capitalization schedule is applied to the opening balance of assets.

- The DISCOMs claims of depreciation on assets added during the year have been disallowed, i.e. depreciation is computed on the opening balance of assets.
- Assets funded by grants and consumer contribution have been removed for the purpose of computing the depreciation as provided in Regulation 4 of 2005.

On the basis of these exercises, the Commission approved the depreciation expenses at Rs.4728.9 Cr. against Rs.6246.1 Cr. filed by licensees which is included in Table 4.3

Table No. 4.3 - Approved Year Wise Asset Base and Depreciation (Rs. Cr.)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
TSSPDCL					
Assets Base	8402.3	9906.8	11543.8	13239.8	14978.4
Depreciation	497.25	561.63	634.64	704.56	774.49
TSNPDCL					
Assets Base	4585.1	5539.6	6640.1	7728.9	8891.8
Depreciation	235.3	258.2	311.6	372.4	427.6

31. Calculation of Return on capital employed (ROCE)

As per Regulation 4 of 2005, the Return on Capital Employed is a permitted as an element of ARR. The amount claimed in this manner is expected to meet the cost of debt and cost of equity to finance the assets used in the distribution business. The Return On Capital Employed is generally worked out under regulated framework as follows:

- The value of capital/net assets used in the distribution business defines the Regulated rate base
- Weighted Average Cost of Capital (WACC) in percentage is worked out based on a) debt –equity ratio (capital structure) b) cost of debt and c) return on equity, and
- WACC, in percent, is applied on RRB to arrive at ROCE for each year of control period.

31.1. Capital Structure –Debt – equity ratio (D/E): As per clause 15.1 of Regulation 4 of 2005, the Debt/Equity (D/E) shall be determined at the beginning of control period considering the Licensee proposal, previous year D/E mix, market conditions and other relevant conditions. Considering the above the Commission has determined the Debt/Equity (D/E) as 75%: 25%.

31.2. Weighted Average Cost of Capital (WACC): The Commission examined the weighted average interest on loans and return on equity, filed by DISCOMs, and found that interest on loan claimed is on high side. The Commission examined the existing loan profile of Licensees and contracted loan for future years and decided to fix cost of debt at 12% for both the distribution companies for entire Control Period. The Commission has accepted the return on equity as 14% as filed by Licensees for Distribution Businesses while keeping 2% as supply margin for Retail Supply Business which makes total return on equity to 16% for DISCOMs considering both businesses together. The Commission computed the WACC based on the formula indicated in Regulation 4 of 2005, shown below and determined D/E ratio.

$$WACC_{RRB} = \left[\frac{D/E}{1 + D/E} \right] r_d + \left[\frac{1}{1 + D/E} \right] r_e$$

Where r_d is Cost of debt and r_e is cost of equity

The Debt to Equity ratio (D/E) determined by Commission and Weighted Average Cost of Capital (WACC) computed for both distribution companies are indicated in Table below.

Table No. 4.4 – Approved Cost of Capital

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Capital Structure					
Debt Percent	75.00%	75.00%	75.00%	75.00%	75.00%
Equity Percent	25.00%	25.00%	25.00%	25.00%	25.00%
Cost of Funds					
Cost of Debt percent	12.00%	12.00%	12.00%	12.00%	12.00%
Return on Equity percent	14.00%	14.00%	14.00%	14.00%	14.00%
WACC	12.50%	12.50%	12.50%	12.50%	12.50%

31.3. Regulated Rate Base: As per the Regulation 4 of 2005, the Regulated Rate Base (RRB) has been calculated in order to compute the Return on Capital Employed (ROCE). Regulated rate base computed as per Regulation and approved by Commission for both distribution companies are given in Table below.

Table No. 4.5 – Approved: Regulated rate base (Rs. Cr.)

Regulated Rate Base	2014-15	2015-16	2016-17	2017-18	2018-19
TSSPDCL	2223.63	3007.97	3921.33	4880.81	5839.90
TSNPDCL	1508.17	1797.42	2141.24	2628.71	3232.14

31.4. Return on Capital Employed (ROCE): As per Regulation, Return on Capital Employed is calculated by multiplying the regulated base rate with weighted average cost of capital. The amount claimed through return on Capital employed is to meet the cost of debt and the cost of equity. The Return on Capital Employed computed by the Commission as per Regulation for both distribution companies are indicated below.

Table No. 4.6 – Approved Return on Capital Employed (Rs. Cr.)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Total
TSSPDCL	277.95	376.00	490.17	610.10	729.99	2484.21
TSNPDCL	188.52	224.68	267.65	328.59	404.02	1413.46

32. Operation and Maintenance Cost

Clause no. 14.3 of Regulation No.4 of 2005, specifies how to determine the composite Operation and Maintenance expenses, by using either pre-determined norms or formulae for this purpose.

The licensees filed Employee cost and A&G cost based on the norms fixed, on the sales basis, for projection of O&M cost. The Commission is of the view that it is not appropriate to fix the norms on sales basis since addition of single bulk load to the system inflates the O&M cost even if there is no requirement of additional maintenance of lines and substations. Further, in case of power shortage, it unnecessarily inflates the cost. Hence, the Commission has adopted different approach for fixing the O&M norms.

- The Commission identified the number of consumers, length of lines, number of DTRs and number of sub-stations as the main cost drivers of Employee and A&G cost.

- The Commission noted that R&M cost depends on GFA since repair and maintenance activity is related to assets in use, assets replaced and new assets added in the block.

32.1. Employee and Administration & General (A&G) Cost: Regarding fixing the norms for employee cost and A&G cost based on the cost drivers identified, the Commission has considered the following points:

- The Commission analysed the actual expenditure incurred towards employee cost during the base year (FY13-14) and preceding year (FY 2012-13).
- Further the Commission observed from the filings that there is an abnormal increase in employee cost for the year FY 2014-15 and this increase is due to effect of pay revision w.e.f. 01.04.2014. The Commission is of the view that effect of pay revision is also to be considered while fixing the norms for Employee cost. Hence, the actual expenditure incurred during FY2014-15 has been considered.
- Similarly, the expenditure incurred towards administrative and general expenses i.e. contract payments, legal charges etc. are examined for the Base year FY 2013-14 and preceding year FY 2012-13 and also examined the expenditure incurred for FY 2014-15.
- Commission also observed the variation in consumer price index and whole sale price index (WPI) over past five years and the escalation rate has been worked out considering, 60% of CPI and 40% of WPI. Based on these assumptions, the escalation rate works out to be 9.11%.
- For correlating the cost of Employee and A&G to cost derivatives i.e. number of sub-stations, length of lines, number of DTRs and number of consumers, the Commission has allocated the cost among the cost drivers as below to fix the norms:
 - 20% to number of consumers,
 - 10% to number of DTRs,
 - 70% to length of lines & number of substations. This cost is further allocated between number of substations and length of lines in the ratio of 70:30 which in turn works out to 49% for substations and 21% for Line length.

The cost allocated to each cost driver (i.e. cost per Substation, cost per KM of line, Cost per DTR and cost per consumer) was computed year-wise for FY 2012-13, FY 2013-14 and FY 2014-15 and an average cost allocation for each cost driver is arrived. This average cost for a cost driver is taken as base for FY 2014-15. The amount was fixed as per norms (based on percentage allocated to No. of substations, length of lines, No. of DTRs and No. of consumers) for each cost driver for FY2014-15. To arrive at the cost allocated to each cost driver for each year of the balance period of third control period, an escalation factor of 9.11% as calculated above is used year on year for the years of 2015-16 to 2018-19. The employee cost and the A&G expenses for the years 2015-16 to 2018-19 of the third control period determined as below whereas for FY 2014-15, the actual expenditure was considered.

- i. Multiplying the cost allocated to each substation of the corresponding year with the number of substations existing at the end of that year (i.e. sum of the Quantity approved in Investment Plan and Quantity existing at the end of the previous year)
- ii. Multiplying the cost allocated to each KM of line length of the corresponding year with length of line existing at the end of the year (i.e. sum of the Quantity approved in Investment Plan and Quantity existing at the end of the previous year)
- iii. Multiplying the cost allocated to each DTR of the corresponding year with No. of DTRs existing at the end of the year (i.e. sum of the Quantity approved in Investment Plan and Quantity existing at the end of the previous year)
- iv. Multiplying the cost allocated to each Consumer of the corresponding year with the approved number of consumers existing at the end of the year
- v. Summing up the cost computed in the item (i) to (iv) as described supra gives total employee cost and A&G expenses for each year of control period.

The cost allocated to each cost driver for Employee cost and for A&G for TSSPDCL and for TSNPDCL are shown in Table 4.7

Table No. 4.7 – Approved cost allocation to each cost driver for the years 2015-16 to 2018-19

TSSPDCL (in Rs)	2015-16	2016-17	2017-18	2018-19
Employee cost per Substation	6306348	6880946	7507898	8191974
Employee cost per KM of Line (ckt.km)	34653	37810	41255	45014
Employee cost per DTR	32632	35605	38849	42389
Employee cost per Consumer	1329	1450	1582	1726
A&G cost per Substation	1808036	1972774	2152522	2348647
A&G cost per KM of Line(ckt.km)	8521	9297	10144	11068
A&G cost per DTR	8018	8749	9546	10416
A&G cost per Consumer	321	350	382	417

TSSPDCL	2015-16	2016-17	2017-18	2018-19
No. of Substations	1279	1348	1406	1468
Line Length in KM	286245	314140	341187	366092
No. of DTRs	311210	346632	380384	412484
No of Consumers	6504899	7433712	7879736	8352515

TSNPDCL (in Rs)	2015-16	2016-17	2017-18	2018-19
Employee cost per Substation	5329633	5815238	6345089	6923217
Employee cost per KM of Line(ckt.km)	24488	26720	29154	31811
Employee cost per DTR	25551	27879	30419	33190
Employee cost per Consumer	1103	1204	1313	1433
A&G cost per Substation	1240150	1353145	1476436	1610960
A&G cost per KM of Line(ckt.km)	5698	6217	6784	7402
A&G cost per DTR	5945	6487	7078	7723
A&G cost per Consumer	257	280	306	333

TSNPDCL	2015-16	2016-17	2017-18	2018-19
No. of Substations	1104	1161	1203	1268
Line Length in KM	251323	275446	300199	323399
No. of DTRs	250337	282639	314419	345518
No of Consumers	5202965	5367473	5534270	5701068

32.2. Repair and Maintenance Cost (R&M Cost)

For determining the repair and maintenance cost as a percentage of opening Gross Fixed Assets, the Commission considered the following methodology:

- The Commission determined the normative percentage for R&M cost considering the actual expenditure incurred for Base Year 2013-14, preceding year 2012-13 and also examined the expenditure incurred during the current year i.e. 2014-15.
- Repair and maintenance as a percentage of gross fixed assets was calculated for the above three years.
- The average value of above three years was considered to determine the repair and maintenance expenses as a normative percentage of Gross Fixed Asset for both distribution companies for the years 2015-16 to 2018-19 which is given in table 4.8

Table No. 4.8 – Approved R&M Norms for the years 2015-16 to 2018-19

Elements	TSSPDCL	TSNPDCL
Norms for R&M expenses in % of opening GFA	1.92%	1.72%

The Commission also considered that all contractual labour cost should be included in the administrative and general expenses as overheads rather than in the repair and maintenance cost.

Once the R&M expenses as normative percentage of opening Gross Fixed Asset of a year has been determined, it is multiplied with projected opening Gross Fixed Asset of that year to arrive at the repair and maintenance expenses for that year. Accordingly, the R&M expenses for FY 2015-16 to FY2018-19 were computed whereas for FY 2014-15, the actual expenditure incurred was considered.

The operation and maintenance cost for 3rd Control Period as approved by Commission is given in Table 4.9

Table No. 4.9 – Approved O&M Cost (Rs. Cr.)

O&M cost for TSSPDCL as approved by Commission (in Rs. Crs)					
Items	2014-15	2015-16	2016-17	2017-18	2018-19
EC	820	878	1043	1210	1399
A&G	248	231	274	318	367

R&M	83	161	189	219	249
Total Gross O&M	1150	1270	1506	1746	2014

O&M cost for TSNPDCL as approved by Commission (in Rs. Crs)					
Items	2014-15	2015-16	2016-17	2017-18	2018-19
EC	510	596	693	799	924
A&G	119	139	161	186	215
R&M	56	84	100	119	138
Total Gross O&M	685	819	955	1104	1277

33. Special Appropriations

The DISCOMs filed for improving the safety conditions in distribution network. The Commission agreed to the proposal of improving the safety conditions in the Distribution network in order to avoid accidents.

The Commission approved Rs. 200 Cr. for TSSPDCL and Rs 293 Cr. for TSNPDCL for the third control period under the head Special Appropriation. In TSNPDCL, most of the area is covered by rural (villages) where network improvement is required in order to improve the quality of supply and to avoid accidents to human beings and animals. Considering this fact, the Commission approved extra amount over and above the filing amount. The Commission directs both the DISCOMs to prepare action plan as per the direction given below:

To prepare a safety improvement plan for four years (FY 2015-16 to FY 2018-19) relating to distribution network with the amount provided for each DISCOM and file the same with the Commission by 31st August 2015 for approval. Upon approval of such safety improvement plan by the Commission, the DISCOM may implement the project. Non compliance of this directive may lead to claw back of the amounts provided with carrying cost apart from disallowing the compensation/ex-gratia amounts paid on account of accidents occurred due to poor network.

The amount approved under special appropriation for safety measures is given in table 4.10

Table No. 4.10 –Approved Special Appropriation (Rs. Cr.)

DISCOM	2014-15	2015-16	2016-17	2017-18	2018-19
TSSPDCL	30.00	35.00	40.00	45.00	50.00
TSNPDCL	25.89	61.86	65.12	68.41	71.42

34. Income Tax

The licensee assumed an Income tax rate of 33% for the Third control period on the ROE . However, the Commission thinks that minimum alternate tax @18.5% is appropriate for the control period because under section 115JB of Income Tax Act, where Income Tax is calculated under the Income Tax Act is less than 18.5% of the book profit, then such book profit shall be deemed to be the total income of the assessee and tax payable would be 18.5% on the book profit. Hence, the Commission computed income tax at the rate of 18.5% on the ROE.

Table No. 4.11 – Approved Taxes on Income (Rs. Cr.)

DISCOM	2014-15	2015-16	2016-17	2017-18	2018-19
TSSPDCL	14.40	19.48	25.39	31.60	37.81
TSNPDCL	8.48	9.09	9.36	9.56	10.58

35. Other Expenses

The other expenses filed by the licensees for the control period were examined by the Commission. The Commission did not consider the True up values filed which was not as per Regulation and also not considered the apportioned expenses to seven Mandals of Khammam district under this head as there was no justification shown in the filings. The Commission determined the other expenses as indicated in the table below

Table No. 4.12– Approved Other Expenses (Rs Cr.)

DISCOM	2014-15	2015-16	2016-17	2017-18	2018-19
TSSPDCL	0.48	0.50	0.53	0.56	0.59
TSNPDCL	1.25	1.31	1.38	1.45	1.52

Non-Tariff income (including Revenue from Wheeling Charges)

Non-tariff income including revenue from wheeling charges estimated by the Commission after prudent check pertaining to TSNPDCL and TSSPDCL are Rs. 670.88 Cr. and Rs.1646.19 Cr. respectively for the entire control period. The year-wise approved Non-tariff Income projection for 3rd Control Period is given in Table No 4.13 below

Table No. 4.13– Approved Non-Tariff Income**(Rs Cr.)**

DISCOM	2014-15	2015-16	2016-17	2017-18	2018-19
TSSPDCL	241.30	326.16	320.55	362.72	395.46
TSNPDCL	68.15	92.25	147.57	173.76	189.15

36. Approved ARR for the Control Period

After carrying out necessary modifications/changes as explained supra, the revenue requirement for the Distribution Business was approved at Rs.11051.57Cr. against Rs.14978.78Cr. filed by TSSPDCL and Rs.7427.70Cr. against Rs.9677.05 Cr filed by TSNPDCL. The details of ARR approved for distribution business for each year of the Control Period is given in Table No. 4.14

Table No.4.14– Approved Aggregate Revenue Requirement**(Rs Cr.)****TSSPDCL:**

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Operation and Maintenance Charges	1150.27	1270.43	1505.78	1746.05	2014.41
Depreciation	497.25	561.63	634.64	704.56	774.49
Advance Against Depreciation					
Taxes on Income	14.40	19.48	25.39	31.60	37.81
Other Expenditure	0.48	0.50	0.53	0.56	0.59
Special Appropriations	30.00	35.00	40.00	45.00	50.00
Total Expenditure	1692.40	1887.03	2206.35	2527.78	2877.30
Less: O&M expenses capitalized	94.53	106.23	107.98	112.25	113.10
Net Expenditure	1597.87	1780.80	2098.37	2415.53	2764.20
Add Return on Capital Employed	277.95	376.00	490.17	610.10	729.99
Total Distribution ARR	1875.83	2156.80	2588.54	3025.63	3494.18
Less: Wheeling Revenue from Third Party/Open Access/NTI (if any)	241.30	326.16	320.55	362.72	395.46
Net ARR	1634.53	1830.64	2267.98	2662.91	3098.72

TSNPDCL :

(Rs Cr.)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Operation and Maintenance Charges	684.82	818.93	955.05	1104.00	1277.39
Depreciation	235.27	258.20	311.59	372.40	427.63
Advance Against Depreciation					
Taxes on Income	8.48	9.09	9.36	9.56	10.58
Other Expenditure	1.25	1.31	1.38	1.45	1.52
Special Appropriations	25.89	61.86	65.12	68.41	71.42
Total Expenditure	955.71	1149.39	1342.50	1555.81	1788.54
Less: O&M expenses capitalized	56.74	78.67	72.41	77.72	82.94
Net Expenditure	898.97	1070.72	1270.09	1478.1	1705.6
Add Return on Capital Employed	188.52	224.68	267.65	328.59	404.02
Total Distribution ARR	1087.49	1295.4	1537.74	1806.69	2109.62
Less: Wheeling Revenue from Third Party/Open Access/NTI (if any)	68.15	92.25	147.57	173.76	189.15
Net ARR	1019.34	1203.15	1390.17	1632.93	1920.47

Incentives and Disincentives

37. In the MYT framework, the approved ARR amount and loss reduction trajectory fixed are expected to provide enough incentive for better performances during the control period as variations in gains and losses remain with the Licensees during the Control period.
38. The norm for interest on debt and return on equity is also fixed for the entire Control period. There is enough potential for the Licensees to perform better in a) contracting the loans at cheaper rates; b) plough back their own money into distribution business and c) other prudent financial practices. The gains and losses on this account are also to the account of licensees during the control period.
39. It is felt that the approved ARR amount and Loss Reduction trajectory are sufficient to provide incentives and disincentives for the Licensees. Accordingly, no special measures for incentives and disincentives were contemplated for the control period.

CHAPTER - 5

Wheeling Losses

- 40.** As per clause 6.3(d) of the Regulation 4 of 2005, the ARR filing shall contain the following in addition to other components of ARR.

“Targets proposed for reduction of distribution losses during the Control Period duly adhering to the Licensees’ Standards of performance Regulation”.

As per the above provision in Regulation, the DISCOMs proposed voltage wise loss trajectory in percent, in three voltage levels i.e. 33KV, 11 KV and LT, as per the existing classification in the distribution system. Any person who utilizes the distribution network for wheeling the electricity is expected to pay the wheeling charges and compensate for distribution losses at approved level for each year of the Control Period.

41. Determination of loss trajectory

The Commission while determining the loss trajectory for the third Control Period considered the following points.

- Examined the voltage wise loss trajectory filed and also actual losses occurring in the system as filed by DISCOMs.
 - Examined the National Electricity Policy (NEP) which states that, the loss levels shall be specified, so as to bring down loss levels to be inline with the international practices.
 - Examined the loss levels achieved by the licensee during Second Control Period against the targets fixed by the Commission
 - Taken in to account the capacity of the existing network and the load flow constraints.
 - Considered the Capital works in progress and the investments approved in this order for third control period.
 - Carefully considered that the Objections/ Suggestions of Objectors and suggestions of State Advisory Committee.
- 42.** The Commission, in consideration of the above facts, determined the loss trajectory for the 3rd Control Period. The loss trajectory now approved is meeting the requirement of National Electricity Policy by the end of 3rd control period. The overall loss reduction targets (Trajectory) approved for the Control Period for each Licensee are given in Table No.5.1

Table No. 5.1 – Approved Loss trajectory

Loss reduction Target TSSPDCL					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
33 kV	3.99%	3.99%	3.99%	3.99%	3.99%
11 kV	5.00%	5.00%	4.50%	4.40%	4.25%
LT	7.50%	6.50%	5.50%	5.25%	5.00%

Loss reduction Target TSNPDCL					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
33 kV	4.00%	4.00%	4.00%	4.00%	4.00%
11 kV	4.25%	4.25%	4.23%	4.20%	4.15%
LT	7.00%	6.00%	5.50%	5.25%	5.00%

CHAPTER - 6

Wheeling Capacity and Wheeling Tariff

43. Introduction: The Commission has to determine the wheeling tariffs for 3rd control period i.e. from FY 2014-15 to FY 2018-19 as per the provisions of Section 62 read with Section 86 (1) (a) of the Electricity Act, 2003, based on the filings of distribution companies and considering the objections/suggestions received/heard from general public, on the filings. For determining the wheeling tariffs at each voltage, the demand at each voltage (i.e. wheeling capacity) is required. The Commission determined the wheeling capacity as indicated below

44. Determination of Distribution Company wise wheeling capacity

The Commission examined the method adopted by the distribution companies for computing the voltage wise wheeling capacities in their filings and also examined the voltage wise capacities computed duly grossing up with the losses at respective voltages.

The method of arriving at the contracted demand at each voltage level is given below:

- The Commission agreed to the methodology adopted by the licensees to arrive at the LT coincident demand i.e. 25% of contracted load of LT category services.
- The Commission considered the data furnished for FY 2014-15 in the Retail Supply business of FY 2015-16 for the contracted loads for 33 KV, 11KV and LT voltages.
- Regarding sales data and contracted demand/load projected for FY 2015-16, in the same proposals, the Commission modified the contracted demand/load in line with the sales data approved for the Retail Supply Business.
- For the rest of the years of the third Control period (i.e FY 2016-17 to FY 2018-19) a growth rate of 7% every year was considered.
- Considering the loss trajectory approved in this order for third control period, the voltage wise contracted capacities were arrived.

For example,

To arrive at the contracted capacity at 11 KV voltages, LT coincident demand grossed up with approved losses at LT & 11 KV and 11 KV contracted load grossed up with 11KV approved losses were summed up. The same procedure was followed to arrive at the 33 KV contracted capacity.

The Distribution company wise approved contracted capacities for third control period are indicated in the table No. 6.1

Table No. 6.1 - Approved Voltage wise demands without losses (MW)

TSSPDCL - Voltage-wise Contracted Capacities						
Sl. No	Voltage Level	2014-15	2015-16	2016-17	2017-18	2018-19
1	33KV	1467	1544	1652	1768	1891
2	11KV	2024	2136	2286	2446	2617
3	LT	2985	3121	3339	3573	3823

TSNPDCL - Voltage-wise Contracted Capacities						
Sl. No	Voltage Level	2014-15	2015-16	2016-17	2017-18	2018-19
1	33KV	132	105	112	120	129
2	11KV	349	404	432	463	495
3	LT	1583	1638	1753	1875	2007

As explained in the example, the demand incident at each voltage level was arrived at by grossing up with the losses at that voltage level which is given in table 6.2

Table No. 6.2: Approved demand incident at each voltage level after loss adjustment (MW)

TSSPDCL	2014-15	2015-16	2016-17	2017-18	2018-19
Load at 33 kV from all voltages	7,285	7,610	8,068	8,614	9,194
Load at 11 kV from all voltages	5,527	5,762	6,094	6,503	6,936
Load at LT	3,227	3,338	3,534	3,771	4,024

TSNPDCL	2014-15	2015-16	2016-17	2017-18	2018-19
Load at 33 kV from all voltages	2,370	2,445	2,605	2,780	2,967
Load at 11 kV from all voltages	2,143	2,242	2,388	2,549	2,720
Load at LT	1,703	1,743	1,855	1,979	2,112

45. Wheeling charge

Once the Wheeling capacity at each voltage is determined, the ARR determined in earlier chapter (Chapter 4) has to be allocated voltage wise so as to compute the voltage wise Wheeling charges (Rs. /kVA/Month). The methodology adopted for apportioning the ARR amount at each voltage is detailed below

46. Wheeling Tariff Computation

The Commission has to determine the full cost tariffs for wheeling of energy to enable the Distribution Licensee to recover the approved ARR amount as per Regulation 4 of 2005. The Commission has examined the method of computation adopted by Licensees to arrive at wheeling charges at each voltage level based on allocation of ARR amount among three voltages and total demands at each voltage.

47. While computing the wheeling charges, the Commission considered the following procedure:

- The year wise approved ARR amount of third control period was allocated among 33 KV, 11 KV and LT voltages.
- Employee Expense (EE) and Administration & General (A&G) expense were apportioned among the no. of substations, length of lines, no. of DTRs and no. of consumers at a ratio of 49%, 21%, 10% and 20% respectively.
- Repairs and Maintenance (R&M) expense was allocated in proportion to the Gross Fixed Assets (GFA) for each voltage level as the expense is driven by Gross Fixed Assets.
- Depreciation, Return on Capital Employed (ROCE), Taxes on income, Non-Tariff Income and Other expenses were also allocated in proportion to the Gross Fixed Assets (GFA) for each voltage level as the expense is driven by Gross Fixed Assets.
- O&M expenses capitalized were allocated in proportion to each voltage wise O&M expenses to total O&M expenses.
- Having allocated the Distribution ARR components across each voltage, the cost attributable for each voltage were derived and approved.
- The next step in this process is using the contracted capacities and wheeling losses, which were already determined in the previous chapter (Chapter 5) in this order.
- The demand incident at each voltage level after grossing up with losses was already determined in earlier Chapter (Chapter 5) of this order.
- The voltage wise wheeling charges were computed by dividing the apportioned ARR at a voltage level by the Demand at that voltage level as summarized in the table below.

Voltage Level	Voltage-wise wheeling charges
33kV	Cost of 33kV level alone/Total Contracted demand at 33 KV after grossing up to and including 33 KV losses
11KV	(Proportionate 33kV cost attributable for 11kV usage + 11kV level cost)/(Total Contracted demand at 11 KV after grossing up to and including 11 KV losses)
LT	(Proportionate 11kV cost attributable for LT level usage + LT level cost)/(Total Contracted demand at LT after grossing with LT losses)

Based on the methodology explained above, the approved wheeling charges (Rs./kVA/month) computed for each voltage level separately for each distribution company for the 3rd Control period are indicated in Table No 6.3.

Table No.6.3- Approved Wheeling Tariff for the Control Period, FY2014-15 to FY2018-19 (Rs./kVA/month)

TSSPDCL Wheeling Tariff

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	33 kV (Rs./kVA/Month)	12.67	15.71	16.63	18.34	19.95
2	11 kV (Rs./kVA/Month)	155.91	173.97	191.53	211.62	231.52
3	LT (Rs./kWh)	344.17	373.12	406.84	446.15	485.45

TSNPDCL Wheeling Tariff

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	33 kV (Rs./kVA/Month)	10.69	13.74	13.20	14.28	15.62
2	11 kV (Rs./kVA/Month)	218.45	259.09	321.20	332.70	346.34
3	LT (Rs./kWh)	484.50	576.16	691.33	714.49	743.42

48. Note on Wheeling Tariff

- A consumer drawing energy at the 33 kV level of the Distribution licensee network would have to pay the 33 kV wheeling charges.

- A consumer drawing energy at 11 kV level of the Distribution licensee network would have to pay the wheeling charges of 11 kV.
 - The Wheeling tariff/charges are to be levied as per terms and conditions approved by the Commission from time to time.
 - The Wheeling charges payable and energy losses to be borne shall be related to the contracted capacity in kVA at the entry point except for LT system.
 - The other conditions applicable for levy and collection of these charges shall be as per the provisions of the Regulation No.2 of 2005 (Terms and Conditions of Open Access to Intrastate Transmission and Distribution networks), and the Regulation No. 2 of 2006 (Balancing and Settlement code), in force i.e. and amended from time to time.
- 49.** In conclusion, the Commission directs the TSSPDCL and TSNPDCL to levy wheeling tariff for each year of the Control Period from FY2015-16 to 2018-19 as indicated in Annexure E. Regarding wheeling charges for FY 2014-15, the same shall not be levied now directly from the consumers, but the same will be adjusted during the true-up for 3rd control period. The Terms and Conditions with applicability are indicated in Annexure – F. These tariffs are effective from 01st April 2015.

This order is signed on the 27th day of March, 2015.

Sd/-
(L. Manohar Reddy)
Member(T)

Sd/-
(H. Srinivasulu)
Member(F)

Sd/-
(Ismail Ali Khan)
Chairman

ANNEXURE-A

LIST OF DIRECTIVES

1. Safety Improvement Plan

To prepare a safety improvement plans for four years (for FY 2015-16 to FY 2018-19) relating to distribution network with a budget of Rs. 170 Cr. For TSSPDCL and 267 Cr for TSNPDCL and file the same with the Commission for approval by 31st August 2015. Upon approval of such safety improvement plan by the Commission, the Discom may complement the project. Non-compliance of this directive may lead to claw back of the amounts provided with carrying norm apart from disallowing the compensation/ex-gratia amounts paid on account of accidents occurred due to poor network.

2. Safety Officer

To designate an Officer not below the rank of Divisional Engineer at each circle as ‘Safety Officer’ and shall be made responsible for implementing all safety standards as per I.E Rules/Safety standards as specified by CEA. The Safety Officer shall inspect all electrical installation to prepare a detailed proposal to rectify any short comings noticed or brought to his notice to ensure that the electrical accidents do not take place.

3. Neutral Wire-HVDS areas

To run neutral wire from 33/11 KV SS to all single phase transformers both existing and new installations without resorting to use of earth as return conductor. Further the Licensees are directed to strictly implement earthing practices as per 61(1) (a), 67(1A) and 92 of IE Rules , 1956 and provide three earth pits as per the prescribed construction standards. The Licensees shall file half yearly reports by 31st October and 30th April for periods ending 30th September and 31st March respectively.

4. True –Up

The Discoms are directed to file the true up proposals of Distribution Business for both control periods (i.e., 1st Control Period and 2nd Control Period) after segregating the assets and liabilities of Anantapur and Kurnool districts from APCPDCL and seven mandals of APNPDCL in line with AP Reorganisation Act, 2014, as per prevailing Regulation.

ANNEXURE-B

Public Notice Issued in Newspapers in English

BEFORE THE HONOURABLE TELANGANA STATE ELECTRICITY REGULATORY COMMISSION (TSERC)
D.No. 11-4-660, 5th Floor, Singareni Bhavan, Red Hills, HYDERABAD - 500 004.



SOUTHERN POWER DISTRIBUTION COMPANY OF T.S. Ltd.,



NORTHERN POWER DISTRIBUTION COMPANY OF T.S. Ltd.,

PUBLIC NOTICE

- Notice is hereby given to all that the Distribution Company viz. Southern Power Distribution Company of Telangana Limited (TSSPDCL) holding Distribution and Retail Supply License No.13/2000, has, on **04-03-2015**, filed before the Telangana State Electricity Regulatory Commission (TSERC) the Aggregate Revenue Requirement (ARR) & Tariff (Wheeling Charges) proposals for the Distribution Business under MYT Framework for the third control period (FY 2014-15 to FY 2018-19). These filings have been taken on record by the Hon'ble Commission in O.P.No. **78 of 2015**.
- Copies of the filings and proposals referred are available in the Office of the Chief General Manager (Commercial & RAC) at Hyderabad (TSSPDCL, Ground Floor, Mint compound, Hyderabad-500063) and the Superintending Engineer, Operation circles of the distribution company at Hyderabad (North), Hyderabad (south), Hyderabad (Central), Rangareddy (North), Rangareddy (South), Rangareddy (East), Mahaboob Nagar, Sanga Reddy and Nalgonda. Interested persons may inspect/peruse the said filings of ARR and Tariff (Wheeling Charges) proposals for Distribution Business under MYT Framework for the third control period (FY 2014-15 to FY 2018-19) and take note thereof during office hours at any of the said offices free of cost. These proposals are also available on www.tssouthernpower.com and the same may be accessed at www.tserc.gov.in. A copy of these filings can be obtained from the above offices from **05.03.2015** onwards on payment of Rs.100/- for Distribution Business filings (by cash). Also a summary of ARR and Tariff (Wheeling Charges) proposals in English or Telugu can be separately obtained on payment of Rs.10/- (by cash).
- Objections/suggestions if any, on the ARR filings and Tariff (Wheeling Charges) proposed by the Distribution Company, together with supporting material may be send to the Chief General Manager (commercial & RAC) TSSPDCL, Ground Floor, Mint compound, Hyderabad-500063 in person or through Registered Post so as to reach on or before **11-03-2015 by 5 pm**. A copy of the same must also be filed with the Commission Secretary, TSERC, at the address mentioned above. The objections/suggestions should be duly signed and should carry full name and postal address of the person(s) sending the objections/suggestions. If the objections/ suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned. The Objection/Suggestion should accompany the following statement as an overleaf-

Name & full address of the Objector	Brief details of Objection(s)/ Suggestion(s)	Objections against Tariff proposals of TSSPDCL	Whether copy of objection & proof of delivery at Licensee's office enclosed (Yes/No)	Whether Objector wants to be heard in person (Yes/No)

- The Aggregate Revenue Requirement (ARR) & Tariff (Wheeling Charges) for Distribution Business proposed by the Discom for the 3rd control period (FY 2014-15 to FY 2018-19) are indicated in the **Schedule-I** below.
- Telangana State Electricity Regulatory Commission intends to conduct **Public Hearings** at RTC Kalabhavan, Baghlingampally, Opp. VST, Azamabad, Hyderabad on 13.03.2015 (Friday) and 14.03.2015 (Saturday) from 10:30 hrs onwards.

Place: Hyderabad
Date: 05-03-2015

CHAIRMAN & MANAGING DIRECTOR
Southern Power Distribution Company of T.S.Ltd.

PUBLIC NOTICE

- Notice is hereby given to all that the Distribution Company viz. Northern Power Distribution Company of Telangana Limited (TSSPDCL) holding Distribution and Retail Supply License No.14/2000, has, on **04-03-2015**, filed before the Telangana State Electricity Regulatory Commission (TSERC) the Aggregate Revenue Requirement (ARR) & Tariff (Wheeling Charges) proposals for the Distribution Business under MYT Framework for the third control period (FY 2014-15 to FY 2018-19). These filings have been taken on record by the Hon'ble Commission in O.P.No. **79 of 2015**.
- Copies of the filings and proposals referred are available in the Office of the Chief General Manager (IPC & RAC) at Warangal (TSSPDCL, H.No. 2-5-31/2, Vidyut Bhavan, Nakkalagutta, Hanamkonda -506001) and the Superintending Engineer, Operation circles of the distribution company at Warangal, Karimnagar, Khammam, Nizamabad and Adilabad. Interested persons may inspect/peruse the said filings of ARR and Tariff (Wheeling Charges) proposals for Distribution Business under MYT Framework for the third control period (FY 2014-15 to FY 2018-19) and take note thereof during office hours at any of the said offices free of cost. These proposals are also available on www.tsnpdcl.in and the same may be accessed at www.tserc.gov.in. A copy of these filings can be obtained from the above offices from **05.03.2015** onwards on payment of Rs.100/- for Distribution Business filings (by cash). Also a summary of ARR and Tariff (Wheeling Charges) proposals in English or Telugu can be separately obtained on payment of Rs.10/- (by cash).
- Objections/suggestions if any, on the ARR filings and Tariff (Wheeling Charges) proposed by the Distribution Company, together with supporting material may be send to the Chief General Manager (IPC & RAC), TSSPDCL, H.No. 2-5-31/2, Vidyut Bhavan, Nakkalagutta, Hanamkonda -506001 in person or through Registered Post so as to reach on or before **11-03-2015 by 5 pm**. A copy of the same must also be filed with the Commission Secretary, TSERC, at the address mentioned above. The objections/suggestions should be duly signed and should carry full name and postal address of the person(s) sending the objections/suggestions. If the objections/ suggestions are filed on behalf of any organization or any category of consumers, it should be clearly mentioned. If the objector also wants to be heard in person it may also be specifically mentioned. The Objection/Suggestion should accompany the following statement as an overleaf-

Name & full address of the Objector	Brief details of Objection(s)/ Suggestion(s)	Objections against Tariff proposals of TSNPDCL	Whether copy of objection & proof of delivery at Licensee's office enclosed (Yes/No)	Whether Objector wants to be heard in person (Yes/No)

- The Aggregate Revenue Requirement (ARR) & Tariff (Wheeling Charges) for Distribution Business proposed by the Discom for the 3rd control period (FY 2014-15 to FY 2018-19) are indicated in the **Schedule-I** below.
- Telangana State Electricity Regulatory Commission intends to conduct **Public Hearings** at Zilla Praja Parishad Meeting Hall, Opp. District Court, Subedari, Hanamkonda, Warangal on 12.03.2015 (Thursday) from 10:30 hrs onwards.

Place: Warangal
Date: 05-03-2015

CHAIRMAN & MANAGING DIRECTOR
Northern Power Distribution Company of T.S.Ltd.

SCHEDULE-I

PROPOSED TARIFF FOR DISTRIBUTION BUSINESS FOR 3rd CONTROL PERIOD i.e., FY 2014-15 TO FY 2018-19

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
A) ARR, Wheeling charges and Wheeling Losses (%)						
1.	ARR (Rs.Crs)	1749.52	2351.17	2897.83	3599.90	4380.35
2. Wheeling Charges						
	33 kV (Rs./KVA/Month)	46.90	58.90	67.58	77.31	84.08
	11 kV(Rs./KVA/Month)	199.41	256.72	298.99	347.45	391.12
	LT(Rs./KWH)	357.51	436.89	492.01	561.03	630.91
3. Wheeling Losses (%)						
	33 kV	4.32	4.15	3.98	3.82	3.67
	11 kV	5.28	5.07	4.87	4.67	4.48
	LT	8.87	8.52	8.18	7.85	7.54
B. Distribution Loss Reduction Trajectory (%)						
	Excluding EHT sales	13.96	13.22	12.54	11.86	11.22
C. Capital Investments						
	Capital Investments (in Rs Crs)	1486	2125	2116	2192	2368

SCHEDULE-I

PROPOSED TARIFF FOR DISTRIBUTION BUSINESS FOR 3rd CONTROL PERIOD i.e., FY 2014-15 TO FY 2018-19

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
A) ARR, Wheeling charges and Wheeling Losses (%)						
1.	ARR (Rs.Crs)	1137.45	1401.25	1880.94	2352.99	2904.42
2. Wheeling Charges						
	33 kV (Rs./KVA/Month)	50.79	52.06	62.31	68.44	74.99
	11 kV(Rs./KVA/Month)	245.11	272.97	331.18	370.87	410.45
	LT(Rs./KWH)	541.38	596.56	715.71	800.98	884.06
3. Wheeling Losses (%)						
	33 kV	4.32	4.15	3.98	3.82	3.67
	11 kV	4.56	4.38	4.20	4.03	3.87
	LT	7.34	7.04	6.76	6.49	6.23
B. Distribution Loss Reduction Trajectory (%)						
	Excluding EHT sales	14.24	13.65	13.04	12.53	12.03
C. Capital Investments						
	Capital Investments (in Rs Crs)	813.26	1311.27	1198.38	1277.91	1387.62

గెరవనీయ తెలంగాణ రాష్ట్ర విద్యుత్ నియంత్రణ మండలి వారి సమక్షంలో

డోర్. నెం. 11-4-660, 5వ అంతస్తు, సింగరేణి భవన్, రెడ్ హిల్స్, హైదరాబాద్ - 500 004.

తెలంగాణ రాష్ట్ర దక్షిణ విద్యుత్ పంపిణీ సంస్థ **తెలంగాణ రాష్ట్ర ఉత్తర విద్యుత్ పంపిణీ సంస్థ**

బహిరంగ ప్రకటన

1. ఇందు మూలంగా ఎన్.వి.డి.సి.ఎల్. పరిధిలో యాజమాన్యం తెలియజేయబడిన ఏడుగురు ప్రభుత్వ యాజమాన్యంలోని ద్వైవిధ్యాల మరయు రిటైర్డ్/సప్లయ ట్రైన్స్ (డి.ఎం.13/2000) కింది ఉన్న పంపిణీ సంస్థ సవరణ పతర్ ద్వైవిధ్యాల కంపెనీ ఆఫ్ తెలంగాణ రిమిడి (ఓఎన్ఎస్ఎస్డిసిఎల్), పంపిణీ వ్యాపారపు ధరల కొరకు 3వ నియంత్రణ కాలం మొత్తానికి అనగా ఆర్థిక సంవత్సరం 2014-15 నుండి 2018-19 వరకు, సమగ్ర తాదా అత్యుత్తమ సమాచారాన్ని (ఎలెక్ట్) మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ప్రతిపాదనల అనుమతి కోసం 04.03.2015 తేదీన ప్రతిపాదనల దరఖాస్తును ఓఎన్ఎస్ఎస్డిసిఎల్ కు సమర్పించవలసిందిగా, ఈ ప్రతిపాదనలను గౌరవనీయులైన కమిషను వారిచే ఓ.వి.నెం. 78/2015గా సమాచార చేయబడింది.

2. పై 1వ పేరాలో పేర్కొన్న ఫైలింగ్ ప్రకటన ద్వారా జారీ చేసిన (ఇంటర్ & లె.ఎ.సి), (గ్రాంట్ ఫీల్డ్, ప్రధానకార్యాలయము, ఓఎన్ఎస్ఎస్డిసిఎల్, మింటిఓపిఎస్, హైదరాబాద్ - 500 063) లో మరయు హైదరాబాద్ (సెంట్రల్), హైదరాబాద్ (సౌత్), హైదరాబాద్ (నార్త్), రంగారెడ్డి (సౌత్), రంగారెడ్డి (నార్త్), రంగారెడ్డి (ఈస్ట్), మహబూబ్ నగర్, నంద్యాల, నల్గొండ జనరేషన్ సెంటర్లో ఉన్న సూపరింటెండెంట్ ఇంజనీర్ కార్యాలయాల వద్ద లభ్యమవుతాయి. తే. 05-03-2015 నుండి ప్రతిపాదన ఒకటి రూ.100/- (గడు రూపాణా) చెల్లించిన మీదట ఈ ఫైలింగ్ పాఠం వచ్చును. ఆలెక్ట్ మరియు టారిఫ్ ఫైలింగ్ యొక్క సంబంధిత సమాచార ప్రకటన ఇంటిఫైల్డ్ లో తెలుగులో ప్రతి ఒక్కరికి రూ. 10/- చొప్పున (గడు రూపాణా) చెల్లించి పై వివరించిన కార్యాలయాలలో పొందవచ్చును. ఆన్లైన్ వారు ఈ ఆలెక్ట్ మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ప్రతిపాదనలను పై పేర్కొన్న కార్యాలయాలలో, కార్యాలయ పనివేళల్లో ఉపయోగం పరిశీలించవచ్చును. ఈ ప్రతిపాదనలు ద్వైవిధ్యాల కంపెనీ వారి వెబ్సైట్ www.TsSouthernpower.com లో ఉంచబడినవి. దీనిని www.Tserc.gov.in వెబ్సైట్లో రింక్ ఇ-ఫైలింగ్ ద్వారా పరిశీలించవచ్చు.

3. ద్వైవిధ్యాల కంపెనీ ప్రతిపాదనలను ఆలెక్ట్ మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ప్రతిపాదనలపై సూచనలు/అభ్యంతరాలు ఏవైనా ఉంటే వాటిని సాఫ్ట్వేర్ మెటీరియల్స్ తో జనరేషన్, 11-03-2015 (సా. 500 గం.) లోపూ అండ్ విధంగా లెజిస్లేట్ పాస్చు ద్వారా లేదా పుస్తకంగా కాని, ఓఎన్ఎస్ఎస్డిసిఎల్ కార్యాలయంలోని వీటి జనరేషన్ (ఇంటర్ & లె.ఎ.సి), (గ్రాంట్ ఫీల్డ్, ప్రధానకార్యాలయము, ఓఎన్ఎస్ఎస్డిసిఎల్, మింటిఓపిఎస్, హైదరాబాద్ - 500 063, గారికి పంపాలను. సవరణ అభ్యంతరాల ప్రకటన పత్రాల్లో, ఓఎన్ఎస్ఎస్డిసిఎల్ వారి వెబ్సైట్ మరియు సవరణ సూచనలు/అభ్యంతరాలు నివేదికలో నివేదించాలి సంతకము(లు) పూర్తి చేయాలి మరియు సవరణ సూచనలు/అభ్యంతరాలు నివేదికలో స్వీకృతంగా మార్చబడినవి/అభ్యంతరాలు/సూచనలు వివరాలను ఈ క్రింద తెలుపబడిన పత్రాల్లో పొందవచ్చు, జనరేషన్ వరకు.

అభ్యంతర దారు మరియు టారిఫ్ ఫైలింగ్ చేయవలసిన వివరాలు	అభ్యంతరాలు/సంబంధిత వివరాలు	ఓఎన్ఎస్ఎస్డిసిఎల్ కార్యాలయము మరియు టారిఫ్ ప్రతిపాదనల మీద అభ్యంతరాలు	ఓఎన్ఎస్ఎస్డిసిఎల్ కార్యాలయము మరియు టారిఫ్ ప్రతిపాదనల మీద అభ్యంతరాలు	అభ్యంతర దారు పుస్తక గణాంక వివరాలు/దస్త్రాలు (అవుట్/ఇన్)
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4. ద్వైవిధ్యాల కంపెనీ 3వ నియంత్రణ కాలానికి (ఓ.నెం. 2014-15 నుండి 2018-19 వరకు) ప్రతిపాదనలను ఆలెక్ట్ మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ఈ క్రింద షెడ్యూల్-1 లో సూచించబడినవి.

5. ఈ ప్రతిపాదనలపై తెలంగాణ విద్యుత్ రెగ్యులేటరీ కమిషన్ వారు తే. 13-03-2015 (తక్షణం) మరియు తే. 14-03-2015 నాడు ఆర్డీని కలెక్షన్, బాగ్లింగం పుల్లి, ఓఎన్ఎస్ఎస్డిసిఎల్, హైదరాబాద్ నుండి ఉదయం 10:30 గంటల వరకు అభ్యంతరాల దరఖాస్తును స్వీకరించవచ్చును. తదుపరి తెలుగులో ప్రతిపాదనలపై తెలంగాణ విద్యుత్ రెగ్యులేటరీ కమిషన్ వారు తే. 12-03-2015 (గురువారం) నాడు జిల్లా ప్రజా పరిషత్ మిటింగ్ హాల్, జిల్లా కేంద్ర ఆయనూరు, సుబ్బారావు, హైదరాబాద్, వరంగల్ నుండి ఉదయం 10:30 గంటల వరకు అభ్యంతరాల దరఖాస్తును స్వీకరించవచ్చును.

తే. 05-03-2015
 స్థలం: హైదరాబాద్
 చైర్మన్ & మేనేజింగ్ డైరెక్టర్
 సవరణ పతర్ ద్వైవిధ్యాల కంపెనీ ఆఫ్ తెలంగాణ రిమిడి

బహిరంగ ప్రకటన

1. ఇందు మూలంగా ఎన్.వి.డి.సి.ఎల్. పరిధిలో యాజమాన్యం తెలియజేయబడిన ఏడుగురు ప్రభుత్వ యాజమాన్యంలోని ద్వైవిధ్యాల మరయు రిటైర్డ్/సప్లయ ట్రైన్స్ (డి.ఎం.14/2000) కింది ఉన్న పంపిణీ సంస్థ 'నార్త్ సవరణ పతర్ ద్వైవిధ్యాల కంపెనీ ఆఫ్ తెలంగాణ రిమిడి (ఓఎన్ఎస్ఎస్డిసిఎల్), పంపిణీ వ్యాపారపు ధరల కొరకు 3వ నియంత్రణ కాలం మొత్తానికి అనగా ఆర్థిక సంవత్సరం 2014-15 నుండి 2018-19 వరకు, సమగ్ర తాదా అత్యుత్తమ సమాచారాన్ని (ఎలెక్ట్) మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ప్రతిపాదనల అనుమతి కోసం 04-03-2015 తేదీన ప్రతిపాదనల దరఖాస్తును ఓఎన్ఎస్ఎస్డిసిఎల్ కు సమర్పించవలసిందిగా, ఈ ప్రతిపాదనలను గౌరవనీయులైన కమిషను వారిచే ఓ.వి.నెం. 79/2015గా సమాచార చేయబడింది.

2. పై 1వ పేరాలో పేర్కొన్న ఫైలింగ్ ప్రకటన ద్వారా జారీ చేసిన (ఇంటర్ & లె.ఎ.సి), పంపిణీ సంస్థ ప్రధాన కార్యాలయము, హైదరాబాద్ (ఓఎన్ఎస్ఎస్డిసిఎల్, ఓ.నెం.2-5-31/2.విద్యుత్ భవన్, నల్గొండ పాముకొండ-506001 మరియు హైదరాబాద్, ఖమ్మం, కరీంనగర్, నిజామాబాద్ మరియు అదిలాబాద్ సెంట్రల్లో ఉన్న సూపరింటెండెంట్ ఇంజనీర్ కార్యాలయాల వద్ద లభ్యమవుతాయి. తే. 05-03-2015 నుండి ప్రతి ఒకటి ఒకటి రూ.100/- (గడు రూపాణా) చెల్లించిన మీదట ఈ ఫైలింగ్ పాఠం వచ్చును. ఆలెక్ట్ మరియు టారిఫ్ ఫైలింగ్ యొక్క సంబంధిత సమాచార ప్రకటన ఇంటిఫైల్డ్ లో తెలుగులో ప్రతి ఒక్కరికి రూ. 10/- చొప్పున (గడు రూపాణా) చెల్లించి పై వివరించిన కార్యాలయాలలో పొందవచ్చును. ఆన్లైన్ వారు ఈ ఆలెక్ట్, టారిఫ్ (డి.ఎం. ఛార్జీలు) ప్రతిపాదనలను పై పేర్కొన్న కార్యాలయాలలో, కార్యాలయ పనివేళల్లో ఉపయోగం పరిశీలించవచ్చును. ఈ ప్రతిపాదనలు ద్వైవిధ్యాల కంపెనీ వారి వెబ్సైట్ www.Tsnpdcl.in లో ఉంచబడినవి. దీనిని www.Tserc.gov.in వెబ్సైట్లో రింక్ ఇ-ఫైలింగ్ ద్వారా పరిశీలించవచ్చు.

3. ద్వైవిధ్యాల కంపెనీ ప్రతిపాదనలను ఆలెక్ట్ మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ప్రతిపాదనలపై సూచనలు/అభ్యంతరాలు ఏవైనా ఉంటే వాటిని సాఫ్ట్వేర్ మెటీరియల్స్ తో జనరేషన్, 11-03-2015, (సా. 500 గం.) లోపూ అండ్ విధంగా లెజిస్లేట్ పాస్చు ద్వారా లేదా పుస్తకంగా కాని, ఓఎన్ఎస్ఎస్డిసిఎల్ కార్యాలయంలోని వీటి జనరేషన్ (ఇంటర్ & లె.ఎ.సి), (గ్రాంట్ ఫీల్డ్, ప్రధానకార్యాలయము, ఓఎన్ఎస్ఎస్డిసిఎల్, మింటిఓపిఎస్, హైదరాబాద్ - 506001 గారికి పంపాలను. సవరణ అభ్యంతరాల ప్రకటన పత్రాల్లో, ఓఎన్ఎస్ఎస్డిసిఎల్ వారి వెబ్సైట్ మరియు సవరణ సూచనలు/అభ్యంతరాలు నివేదికలో నివేదించాలి సంతకము(లు) పూర్తి చేయాలి మరియు సవరణ సూచనలు/అభ్యంతరాలు నివేదికలో స్వీకృతంగా మార్చబడినవి/అభ్యంతరాలు/సూచనలు వివరాలను ఈ క్రింద తెలుపబడిన పత్రాల్లో పొందవచ్చు, జనరేషన్ వరకు.

అభ్యంతర దారు మరియు టారిఫ్ ఫైలింగ్ చేయవలసిన వివరాలు	అభ్యంతరాలు/సంబంధిత వివరాలు	ఓఎన్ఎస్ఎస్డిసిఎల్ కార్యాలయము మరియు టారిఫ్ ప్రతిపాదనల మీద అభ్యంతరాలు	ఓఎన్ఎస్ఎస్డిసిఎల్ కార్యాలయము మరియు టారిఫ్ ప్రతిపాదనల మీద అభ్యంతరాలు	అభ్యంతర దారు పుస్తక గణాంక వివరాలు/దస్త్రాలు (అవుట్/ఇన్)
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4. ద్వైవిధ్యాల కంపెనీ 3వ నియంత్రణ కాలానికి (ఓ.నెం. 2014-15 నుండి 2018-19 వరకు) ప్రతిపాదనలను ఆలెక్ట్ మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ఈ క్రింద షెడ్యూల్-1 లో సూచించబడినవి.

5. ఈ ప్రతిపాదనలపై తెలంగాణ విద్యుత్ రెగ్యులేటరీ కమిషన్ వారు తే. 12-03-2015 (గురువారం) నాడు జిల్లా ప్రజా పరిషత్ మిటింగ్ హాల్, జిల్లా కేంద్ర ఆయనూరు, సుబ్బారావు, హైదరాబాద్, వరంగల్ నుండి ఉదయం 10:30 గంటల వరకు అభ్యంతరాల దరఖాస్తును స్వీకరించవచ్చును.

తే. 05-03-2015
 స్థలం: హైదరాబాద్
 చైర్మన్ & మేనేజింగ్ డైరెక్టర్
 నార్థ సవరణ పతర్ ద్వైవిధ్యాల కంపెనీ ఆఫ్ తెలంగాణ రిమిడి

షెడ్యూల్ - 1

నియంత్రణ కాలం మొత్తానికి అనగా ఆర్థిక సంవత్సరం 2014-2015 నుండి 2018-19 వరకు ప్రతిపాదించిన పంపిణీ వ్యాపారపు ధరలు

క్ర. సంఖ్య	వివరాలు	2014-15	2015-16	2016-17	2017-18	2018-19
ఎ.	ఎలెక్ట్ మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ప్రతిపాదనలపై తెలంగాణ విద్యుత్ రెగ్యులేటరీ కమిషన్ వారు తే. 13-03-2015 (తక్షణం) మరియు తే. 14-03-2015 నాడు ఆర్డీని కలెక్షన్, బాగ్లింగం పుల్లి, ఓఎన్ఎస్ఎస్డిసిఎల్, హైదరాబాద్ నుండి ఉదయం 10:30 గంటల వరకు అభ్యంతరాల దరఖాస్తును స్వీకరించవచ్చును.					
1.	ఎలెక్ట్ (రూ.కేట్/టో)	1749.52	2351.17	2897.83	3599.90	4380.35
2.	వీలింగ్ ధరలు (రూ.కే.వి.ఎ/నెల)					
	33 కెవి	46.90	58.90	67.58	77.31	84.08
	11 కెవి	199.41	256.72	298.99	347.45	391.12
	ఎల్.టి.	357.51	436.89	492.01	561.03	630.91
3.	పంపిణీ సవరణ (%)					
	33 కెవి	4.32	4.15	3.98	3.82	3.67
	11 కెవి	5.28	5.07	4.87	4.67	4.48
	ఎల్.టి.	8.87	8.52	8.18	7.85	7.54
వి.	పంపిణీ సవరణ తగ్గించుకోవే వక్రరేఖ (%)					
	ఇంచాజీడి వినియోగం మినహాయించుకొని	13.96	13.22	12.54	11.86	11.22
సి.	మూలధన పెట్టుబడులు					
	మూలధన పెట్టుబడులు రూ (కోట్లలో)	1486	2125	2116	2192	2368

షెడ్యూల్ - 1

నియంత్రణ కాలం మొత్తానికి అనగా ఆర్థిక సంవత్సరం 2014-2015 నుండి 2018-19 వరకు ప్రతిపాదించిన పంపిణీ వ్యాపారపు ధరలు

క్ర. సంఖ్య	వివరాలు	2014-15	2015-16	2016-17	2017-18	2018-19
ఎ.	ఎలెక్ట్ మరియు టారిఫ్ (డి.ఎం. ఛార్జీలు) ప్రతిపాదనలపై తెలంగాణ విద్యుత్ రెగ్యులేటరీ కమిషన్ వారు తే. 12-03-2015 (గురువారం) నాడు జిల్లా ప్రజా పరిషత్ మిటింగ్ హాల్, జిల్లా కేంద్ర ఆయనూరు, సుబ్బారావు, హైదరాబాద్, వరంగల్ నుండి ఉదయం 10:30 గంటల వరకు అభ్యంతరాల దరఖాస్తును స్వీకరించవచ్చును.					
1.	ఎలెక్ట్ (రూ.కేట్/టో)	1137.45	1401.25	1880.94	2352.99	2904.42
2.	వీలింగ్ ధరలు (రూ.కే.వి.ఎ/నెల)					
	33 కెవి	50.79	52.06	62.31	68.44	74.99
	11 కెవి	245.11	272.97	331.18	370.87	410.45
	ఎల్.టి.	541.38	596.56	715.71	800.98	884.06
3.	పంపిణీ సవరణ (%)					
	33 కెవి	4.32	4.15	3.98	3.82	3.67
	11 కెవి	4.56	4.38	4.20	4.03	3.87
	ఎల్.టి.	7.34	7.04	6.76	6.49	6.23
వి.	పంపిణీ సవరణ తగ్గించుకోవే వక్రరేఖ (%)					
	ఇంచాజీడి వినియోగం మినహాయించుకొని	14.24	13.65	13.04	12.53	12.03
సి.	మూలధన పెట్టుబడులు					
	మూలధన పెట్టుబడులు రూ (కోట్లలో)	813.26	1311.27	1198.38	1277.91	1387.62

ANNEXURE-C

List of Registered Objectors

S.No.	Details of the Objector	Objection Related To
1	Sri Kavali Bhikshapati,	Both Discoms
2.	Sri M.Kodanda Reddy , Telangana Kisan-Kheth Mazdoorcongress	Both Discoms
3.	Sri Bhushan Rastogi on behalf of Telangana Textiles and Spinning Mills Association	Both Discoms
4.	Sri V Anil Reddy of FAPCCI	Both Discoms
5.	Sri Ananth Nakirikati , Arhyama Solar Power Pvt Ltd. and	TSSPDCL
6.	Sri L.K. Baid , Bhagyanagar India Limited	TSSPDCL
7	Sri Maram Prasad, Managing Director, Bravo Energies Private Limited	TSSPDCL
8.	Sri P.Keshava Reddy, President, Telangana Hydel Power Developers Association	Both DISCOMs

ANNEXURE-D

Approved Additions

Table: Approved additions of No. of Substation, line length in KM, No. of DTRs and No. of Consumers

TSSPDCL	2014-15	2015-16	2016-17	2017-18	2018-19
No. of Consumers	434800	225143	928813	446024	472779
No. of Substation	52	89	69	58	62
No. of DTR Addition	21,446	37,156	35,422	33,752	32,100
Length of Lines additions in KM	20,457	28,175	27,895.2	27,047	24,904.2
TSNPDCL	2014-15	2015-16	2016-17	2017-18	2018-19
No. Of Consumers	159496	159496	164508	166797	166798
No. of Substation	21	60	57	42	65
No. of DTR Addition	20400	32568	32302	31780	31099
Length of Lines additions in KM	16589	24108	24123	24753	23199

ANNEXURE-E

Wheeling Tariff Schedule for FY 2014-15 to 2018-19

TSSPDCL

A. WHEELING RATES

Voltage	2014-15	2015-16	2016-17	2017-18	2018-19
33 kV (Rs/kVA/month)	12.67	15.71	16.63	18.34	19.95
11 kV(Rs/kVA/month)	155.91	173.97	191.53	211.62	231.52
LT(Rs/kVA/month)	344.17	373.12	406.84	446.15	485.45

B. WHEELING LOSSES

2014-15	Supply point	
Drawn at	33kV	11kV
33kV	3.99%	8.79%
11kV	8.79%	8.79%
2016-17		
Drawn at	33kV	11kV
33kV	3.99%	8.31%
11kV	8.31%	8.31%
2018-19		
Drawn at	33kV	11kV
33kV	3.99%	8.07%
11kV	8.07%	8.07%

2015-16	Supply point	
Drawn at	33kV	11kV
33kV	3.99%	8.79%
11kV	8.79%	8.79%
2017-18		
Drawn at	33kV	11kV
33kV	3.99%	8.21%
11kV	8.21%	8.21%

TSNPDCL

A. WHEELING RATES

Voltage	2014-15	2015-16	2016-17	2017-18	2018-19
33 kV (Rs/kVA/month)	10.69	13.74	13.20	14.28	15.62
11 kV(Rs/kVA/month)	218.45	259.09	321.20	332.70	346.34
LT(Rs/kVA/month)	484.50	576.16	691.33	714.49	743.42

B. WHEELING LOSSES

2014-15	Supply point	
Drawn at	33kV	11kV
33kV	4.00%	8.08%
11kV	8.08%	8.08%
2016-17		
Drawn at	33kV	11kV
33kV	4.00%	8.06%
11kV	8.06%	8.06%
2018-19		
Drawn at	33kV	11kV
33kV	4.00%	7.98%
11kV	7.98%	7.98%

2015-16	Supply point	
Drawn at	33kV	11kV
33kV	4.00%	8.08%
11kV	8.08%	8.08%
2017-18		
Drawn at	33kV	11kV
33kV	4.00%	8.03%
11kV	8.03%	8.03%

ANNEXURE-F

Terms and Conditions & Applicability of Wheeling Tariff

Applicability

Applicable for the use of distribution system for wheeling of electricity of a licensee by other licensees, generating companies, captive power plants, and consumers who are permitted open access as per terms and conditions of Open Access Regulation (2 of 2005) and any other person(s)

Terms and Conditions

- The distribution licensee shall deliver the quantum of and capacity given to it for wheeling, reduced by the distribution losses.
- The wheeling charges and losses in kind shall be up to the respective voltage level at which the wheeled electricity is delivered or injected whichever voltage is lower;
- Wheeling charges/ losses are payable for the contracted demand of the open access user at the entry point of the consumers.
- If the wheeling involves transmission of electricity through transmission system of a Transmission Licensee, the consumer or the supplier as the case may be, shall pay the applicable transmission charges and transmission losses in kind also. Transmission system is considered to be involved in the wheeling of electricity in the following cases:
 - Entry/Exit point is connected to the EHT System.
 - The entry and exit points are connected to the network of more than one DISCOM.
 - If the wheeling of electricity is through the distribution system of more than one distribution licensee, the wheeling charges shall be payable to the distribution licensee of the area where the electricity is delivered.
 - The levy of wheeling tariff is subject to the terms and conditions approved by the Commission from time to time.