Jammu & Kashmir
State Electricity Regulatory Commission

Order
on
Annual Revenue Requirement
for
3-Year Multi Year Tariff (MYT) period
from FY 2013-14 to FY 2015-16
and
Retail Tariff for FY 2013-14
for
Power Development Department (Distribution),
Govt. of J&K

Jammu
April 2013

Jammu & Kashmir
State Electricity Regulatory Commission

Order
on
Annual Revenue Requirement
for
3-Year Multi Year Tariff (MYT) period
from FY 2013-14 to FY 2015-16
and
Retail Tariff for FY 2013-14
for
Power Development Department (Distribution),
Govt. of J&K

Jammu & Kashmir State Electricity Regulatory Commission
Ambedkar (Panama) Chowk, Railway Road, Jammu-180006 (J&K)
Ph No's 0191-2470160, Tele-Fax: 2470163 EPBAX: 2470183
Website: http://www.jkserc.nic.in & Email ID: jkserc@gmail.com, jkserc@nic.in

Before

Jammu & Kashmir State Electricity Regulatory Commission

Petition No: JKSERC/35 of 2013

In The Matter Of:

In the matter of filing of Petition for approval of Annual Revenue Requirement (ARR) for the 3-Year Multi Year Tariff (MYT) period from FY 2013-14 to FY 2015-16 and Determination of Tariff for Jammu and Kashmir Power Development Department-Distribution.

And

In The Matter Of:

Jammu and Kashmir Power Development Department-Distribution,
Srinagar/Jammu

ORDER

Order No. JKSERC/135 of 2013

(Passed on 25th April, 2013)

1.1 This Order relates to ARR and tariff petition filed by the Jammu & Kashmir Power Development Department-Distribution (hereinafter referred to as JKPDD-D or the Petitioner or the utility) before the Jammu & Kashmir State Electricity Regulatory Commission (hereinafter referred to as J&KSERC or the Commission) for the first Multi Year Tariff (MYT) control period beginning FY 2013-14 to FY 2015-16. The petition was filed as per the J&KSERC (Multi Year Distribution Tariff) Regulation, 2012 and in accordance with J&K Electricity Act, 2010.

1.2 As per the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012, the Petitioner is required to file separate petitions for:

(a) Approval of Business Plan for the MYT Control period (FY 2013-14 to FY 2015-16) seeking approval of its capital expenditure plan for the MYT period based on the proposed demand forecasts, power procurement plan, loss trajectory and efficiency targets; and

(b) Approval of Aggregate Revenue Requirement (ARR) and expected revenue from tariff and charges for Distribution Business for the MYT Control period (FY 2013-14 to FY 2015-16) .

1.3 The Commission has processed both the Petitions separately. The Order for approval of Business Plan for the Petitioner has been issued on 22nd March 2013 and the Commission has considered the impact of various components in the approved business plan in determination of ARR for the MYT control period as part of this Order.

1.4 Further, in accordance with the above-mentioned regulations, the licensee was required to file the Petition for approval of Business Plan by 30th September 2012 and ARR & tariff petition for the MYT Control Period (FY 2013-14 to FY 2015-16) by 30th November 2012.

1.5 However, there was delay in filing of the Business plan petition. The Commission vide letter dated 27th November directed the Petitioner to submit the Business plan petition and the ARR & Tariff petition for the MYT period (FY 2013-14 to FY 2015-16). Accordingly, the Petitioner submitted the petitions for approval of Business plan and ARR for MYT Control Period on 30th November 2012. The Commission on scrutinizing the ARR petition noted that the Petitioner has submitted an incomplete petition for approval of ARR for MYT Period (FY 2013-14 to FY 2015-16) as the tariff proposal for the MYT control period was not included in the Petition. Moreover, on initial scrutiny of the Petition, the Commission noted several data discrepancies and additional information requirements which were communicated to the Petitioner vide letter no. JKSERC/1094-95 dated 18th December 2012 for necessary clarifications. The Petitioner submitted its replies vide its letter dated 27th December 2012.

1.6 Meanwhile, on detailed analysis of the Petitions, the Commission noted further data discrepancies and additional information requirement which were communicated to the Petitioner vide letter no. JKSERC/Secy/31/1170 dated 7th January 2013. The Commission directed the Petitioner to submit the desired information latest by 23rd January 2013 and also called for a meeting on 28th January, 2013 to discuss the Petition for determination of ARR for MYT control period (FY 2013-14 to FY 2015-16) filed along with the Petitioner's replies to the deficiencies noted by the Commission. The Commission again vide letter no. JKSERC/Secy/31/1235-36 dated 17th January 2013 reminded the Petitioner to submit the proposal for tariff revision for the MYT control period.

1.7 The Commission held a technical validation session with the Petitioner for discussion on its ARR petition for MYT Control period. The Commission took into consideration the replies submitted by the Petitioner on several queries raised by the Commission vide its letter dated 7th January 2013. However, the Petitioner did not submit the Tariff Proposal for MYT period. The Commission directed the Petitioner to submit the Tariff proposal by 4th February 2013.

1.8 The Petitioner submitted the Tariff proposal for first year of the MYT control period i.e. FY 2013-14 on 18th February 2013 along with the revised petition for determination of ARR for the MYT Control period (FY 2013-14 to FY 2015-16) to include un-regularised/ un-registered but energized connections as per the Census 2011 report which were inadvertently left out by the Petitioner in its earlier submission. The above-mentioned change necessitated change in the projections for energy sales, loss trajectory and power purchase plan. Subsequently, the Commission held a meeting with Officials of the Petitioner for acceptance of the Petition for determination of ARR for MYT control period (FY 2013-14 to FY 2015-16) and Tariff for FY 2013-14 on 20th February 2013. The Commission again convened a meeting with the officials of the Petitioner for admission of the revised ARR/Tariff petition for the MYT control period on 27th February 2013. During the meeting, the Petitioner provided clarifications on the issues raised by the Commission, which the

Commission noted and also admitted the ARR petition for the MYT control period and Tariff Proposal for FY 2013-14.

1.9 The Commission vide its letter no. JKSERC/Secy/31/1363-64 dated 20th February 2013 directed the Petitioner to publish the gist of the ARR petition for the MYT period FY 2013-14 to FY 2015-16 and Tariff proposal for FY 2013-14 as public notice and invite comments/ objections/suggestions from the stakeholders including consumers on the above mentioned petitions filed.

1.10 The approved gist of ARR petition for the MYT period from FY 2013-14 to FY 2015-15 and the Tariff proposal for FY 2013-14 was published by the Petitioner in some widely read newspapers on 23rd February 2013. The stakeholders were requested to submit their written comments/ suggestions/ objections latest by 15th March 2013.

Meeting of the State Advisory Committee

1.11 The Commission convened a meeting with the Members of the State Advisory Committee (SAC) on 15th March 2013 for the purpose of discussing the ARR Petition for entire MYT Period from FY 2013-14 to FY 2015-16 and Tariff Petition for FY 2013-14 filed by the JKPDD-D.

1.12 The representatives from the JKPDD-D highlighted the main components of the ARR/Tariff petition and major items of expenditure and revenue were discussed and analyzed by the members of the SAC. The members of the SAC raised and discussed the general condition of power supply in the state and the dismal performance of JKPDD-D in respect of arresting the T&D losses, extremely slow pace of installation of meters, conducting meter inspections, lack of proper meter reading, billing and collection efficiencies, curbing theft, improving and strengthening the distribution network.

1.13 Some of the key points raised and discussed by the Committee have been summarized below:

(a) Even though the Petitioner has proposed to undertake a major capital investment program during the next three years to improve the T&D infrastructure in the State, the members of the SAC were of the view that it is unlikely that the Petitioner would be able to raise funds for meeting the proposed plan especially with respect to new investments proposed.

(b) The Committee pointed out that even though theft and pilferage in the Petitioner's system are very high; no serious and concrete measures have been taken for detecting theft. Also corrective actions to curb such un-lawful activities have been missing. The Committee suggested that the Petitioner should improve its billing and collection efficiency in order to curb theft/pilferage in its areas. Further, the Committee also suggested that the Commission should direct the Petitioner to submit action plan for curbing theft in its areas with clearly defined timelines.

(c) In view of the dismal performance of the Petitioner with respect to consumer metering, the Committee suggested that the Commission should analyze the details of actual meters installed during the previous year.

(d) The Committee also pointed out that the Petitioner has claimed water usage charges twice in its Petition. The water usage charges are included in the proposed tariff of JKSPDC and also separately claimed by the Petitioner, which results in double accounting.

(e) The Committee also drew the attention of the Commission towards the glaring discrepancies in the data submitted by the Petitioner in the ARR/Tariff Petition and that in the figures available in records of the State Government Budget and Annual Resource Plan. Thus, proper verification should be carried out while approving the ARR/Tariff for MYT control period by the Commission.

1.14 The suggestions made by the members of the Committee were noted by the Commission and these suggestions have been considered by the Commission in this Order at appropriate places.

Public Hearings

1.15 In order to maintain transparency in the tariff setting process, the Commission involved the stakeholders by initiating a public consultation process to understand their views on various aspects of the ARR for 3-year MYT control period from FY 2013-14 to FY 2015-16 and the Tariff proposal for FY 2013-14 filed by the Petitioner. Accordingly, the Public hearings on ARR for MYT Control period from FY 2013-14 to FY 2015-16 and Tariff petition for FY 2013-14 filed by JKPDD-D were held at Jammu and Srinagar as per the details provided below:

Table 1: Details of Public Hearings

Place/ city	Date	Location
Jammu	18.03.2013	PWD, Guest House, Gandhi Nagar
Srinagar	20.03.2013	IMPA Auditorium

1.16 The Commission invited some industrial organizations and consumer bodies to take part in the process of tariff determination and represent the interests of the consumers. The comments/objections/suggestions received during the hearings have duly been considered while finalizing this Order.

Implementation of the Order

1.17 The Commission has accepted the petition of JKPDD-D with modifications and conditions, and has determined the retail tariffs and charges recoverable by JKPDD-D from the retail consumers during the FY 2013-14. The Commission directs that this Order be implemented along with directions given and conditions mentioned in the detailed Order and schedules attached. It is further ordered that JKPDD-D is permitted to issue bills to consumers only in accordance with the provisions of this

Tariff Order and JKSERC (Supply Code) Regulations, 2011.

1.18 This Tariff Order shall remain valid from 1st April, 2013 to 31st March, 2014, unless amended or modified by an order of this Commission.

1.19 JKPDD-D is directed to make available the copies of the Tariff Order to all officers concerned up to sub-divisions within two weeks of issue of this Order. JKPDD-D may file explanatory petition in case of any doubt in the provisions of the Tariff Order, within 30 days of issue of the Tariff Order.

1.20 JKPDD-D must take immediate steps for implementation and publication of this Order (covering general description of the tariff amendment and its effects) as per Clause 51, Chapter – V of the J&KSERC (Conduct of Business) Regulations, 2005. The publication in news papers shall include a general description of the tariff changes and its effect on the various classes of consumers.

1.21 The Commission directs that this Order be implemented along with directions given and conditions mentioned in the detailed Order.

1.22 In exercise of the powers vested in it under the Jammu & Kashmir Electricity Act, 2010 (Act XIII of 2010), the Commission hereby passes this Order today, the 25th of April, 2013.

Ordered as above, read with attached detailed reasons, grounds and conditions.

(G.M. Khan)	**(D.S. Pawar)**	**(S.M. Desalphine)**
Member	Member	Chairperson

THIS SPACE IS INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

THIS SPACE IS INTENTIONALLY LEFT BLANK

A1: INTRODUCTION

Jammu & Kashmir State Electricity Regulatory Commission

1.1 The Jammu & Kashmir State Electricity Regulatory Commission (hereinafter referred to as the Commission) is a statutory body setup under an Act of the State Legislature to regulate power sector in the State of Jammu &Kashmir.

1.2 Section 71 of the Jammu & Kashmir Electricity Act, 2010 has described the various functions required to be discharged by the Commission. These functions have been summarised below:

(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:

Provided that where open access has been permitted to a category of consumers under section 36, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

(c) facilitate intra-state transmission and wheeling of electricity;

(d) issue license to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

(e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;

(f) adjudicate upon the disputes between the licensees, and generating companies and to refer any dispute for arbitration;

(g) levy fee for the purposes of the Act;

(h) specify State Grid Code consistent with the Grid Code specified under the Electricity Act, 2003 (Central);

(i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;

(j) fix the trading margin in the intra-State trading of electricity, if considered, necessary; and

(k) discharge such other functions as may be assigned to it under this Act.

1.3 The Commission shall ensure transparency while exercising its powers and discharging its functions.

1.4 In discharge of its functions, the Commission shall be guided by the State Electricity Policy, State Electricity Plan, and Tariff Policy published under the provisions of the Act.

Jammu & Kashmir Power Development Department

1.5 JKPDD, viz. Power Development Department (PDD), Government of Jammu & Kashmir is the sole transmission and distribution utility in the State of Jammu and Kashmir.

1.6 The Government of Jammu & Kashmir, vide GO no. 264 PDD of 2012 dated 5th September 2012, has ordered for unbundling of JKPDD and setting up of one transmission company, two distribution companies (one each for Jammu and Kashmir divisions) and one trading company with the function of a holding company. In line with the above order, GoJK has ordered for setting up of the following companies vide GO no. 285 PDD of 2012 dated 21st September 2012:

(a) Jammu & Kashmir State Power Transmission Company Limited

(b) Jammu & Kashmir State Power Trading Company Limited

(c) Jammu Power Distribution Company Limited

(d) Kashmir Power Distribution Company Limited

1.7 As the process of unbundling is still under progress, JKPDD-D (as a deemed distribution licensee) has filed the petition for approval for ARR for its Distribution business for entire MYT Control Period from FY 2013-14 to FY 2015-16 and Tariff proposal for FY 2013-14 as per the provisions of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 and J&KSERC (Conduct of Business) Regulations, 2005.

Scope of the Present Order

1.8 The ambit of the present Order extends to approval of ARR for the three (3) Year MYT Control Period from FY 2013-14 to FY 2015-16 and determination of retail tariffs for distribution business of JKPDD (hereinafter referred to as JKPDD-D) for FY 2013-14.

Procedural History

1.9 As per the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012, the Petitioner is required to file separate petitions for:

(a) Approval of Business Plan for the MYT Control period (FY 2013-14 to FY 2015-16) seeking approval of its capital expenditure plan for the MYT period based on the proposed demand forecasts, power procurement plan, loss trajectory and efficiency targets; and

(b) Approval of Aggregate Revenue Requirement (ARR) and expected revenue from tariff and charges for Distribution Business for the MYT Control period (FY 2013-14 to FY 2015-16) .

1.10 The Commission has processed both the Petitions separately. The Order for approval of Business Plan for the Petitioner has been issued on 22nd March 2013 and the Commission has considered the impact of various components in the approved business plan in determination of ARR for the MYT control period as part of this Order.

1.11 Further, in accordance with the above-mentioned regulations, the licensee was required to file the Petition for approval of Business Plan by 30th September 2012 and ARR & tariff petition for the MYT Control Period (FY 2013-14 to FY 2015-16) by 30th November 2012.

1.12 However, there was delay in filing of the Business plan petition. The Commission vide letter dated 27th November directed the Petitioner to submit the Business plan petition and the ARR & Tariff petition for the MYT period (FY 2013-14 to FY 2015-16). Accordingly, the Petitioner submitted the petitions for approval of Business plan and ARR for MYT Control Period on 30th November 2012. The Commission on scrutinizing the ARR petition noted that the Petitioner has submitted an incomplete petition for approval of ARR for MYT Period (FY 2013-14 to FY 2015-16) as the tariff proposal for the MYT control period was not included in the Petition. Moreover, on initial scrutiny of the Petition, the Commission noted several data discrepancies and additional information requirements which were communicated to the Petitioner vide letter no. JKSERC/1094-95 dated 18th December 2012 for necessary clarifications. The Petitioner submitted its replies vide its letter dated 27th December 2012.

1.13 Meanwhile, on detailed analysis of the Petitions, the Commission noted further data discrepancies and additional information requirement which were communicated to the Petitioner vide letter no. JKSERC/Secy/31/1170 dated 7th January 2013. The Commission directed the Petitioner to submit the desired information latest by 23rd January 2013 and also called for a meeting on 28th January, 2013 to discuss the Petition for determination of ARR for MYT control period (FY 2013-14 to FY 2015-16) filed along with the Petitioner's replies to the deficiencies noted by the Commission. The Commission again vide letter no. JKSERC/Secy/31/1235-36 dated 17th January 2013 reminded the Petitioner to submit the proposal for tariff revision for the MYT control period.

1.14 The Commission held a technical validation session with the Petitioner for discussion on its ARR petition for MYT Control period. The Commission took into consideration the replies submitted by the Petitioner on several queries raised by the Commission vide its letter dated 7th January 2013, however, the Petitioner did not submit the Tariff Proposal for MYT period. The Commission directed the Petitioner to submit the Tariff proposal by 4th February 2013.

1.15 The Petitioner submitted the Tariff proposal for first year of the MYT control period i.e. FY 2013-14 on 18th February 2013 along with the revised petition for determination of ARR for the MYT Control period (FY 2013-14 to FY 2015-16) to include un-regularised/ un-registered but energized connections as per the Census 2011 report which were inadvertently left out by the Petitioner in its earlier submission. The above-mentioned change necessitated change in the projections for energy sales, loss trajectory and power purchase plan. Subsequently, the Commission held a meeting with Officials of the Petitioner for acceptance of the Petition for determination of ARR for MYT control period (FY 2013-14 to FY 2015-16) and Tariff for FY 2013-14 on 20th February 2013. The Commission again convened a meeting with the officials of the Petitioner for admission of the revised ARR/Tariff petition for the MYT control period on 27th February 2013. During the meeting, the Petitioner provided clarifications on the issues raised by the Commission, which the Commission noted and also admitted the ARR petition for the MYT control period and Tariff Proposal for FY 2013-14.

1.16 The Commission vide its letter no. JKSERC/Secy/31/1363-64 dated 20th February 2013 directed the Petitioner to publish the gist of the ARR petition for the MYT period FY 2013-14 to FY 2015-16 and Tariff proposal for FY 2013-14 as public notice and invite comments/ objections/suggestions from the stakeholders including consumers on the above mentioned petitions filed.

1.17 The approved gist of ARR petition for the MYT period from FY 2013-14 to FY 2015-15 and the Tariff proposal for FY 2013-14 was published by the Petitioner in some widely read newspapers on 23rd February 2013. The stakeholders were requested to submit their written comments/ suggestions/ objections latest by 15th March 2013.

Meeting of the State Advisory Committee

1.18 The Commission convened a meeting with the Members of the State Advisory Committee (SAC) on 15th March 2013 for the purpose of discussing the ARR Petition for entire MYT Period from FY 2013-14 to FY 2015-16 and Tariff Petition for FY 2013-14 filed by the JKPDD-D.

1.19 The representatives from the JKPDD-D highlighted the main components of the ARR/Tariff petition and major items of expenditure and revenue were discussed and analyzed by the member of the SAC. The members of the SAC raised and discussed the general condition of power supply in the state and the dismal performance of JKPDD-D in respect of arresting the T&D losses, extremely slow pace of installation of meters, conducting meter inspections, lack of proper meter reading, billing and collection efficiencies, curbing theft, improving and strengthening the distribution network.

1.20 Some of the key points raised and discussed by the Committee have been summarized below:

(a) Even though the Petitioner has proposed to undertake a major capital investment program during the next three years to improve the T&D infrastructure in the State, the members of the SAC were of the view that it is unlikely that the Petitioner would be able to raise funds for meeting the proposed plan especially with respect to new investments proposed.

(b) The Committee pointed out that even though theft and pilferage in the Petitioner's system are very high; no serious and concrete measures have been taken for detecting theft. Also corrective actions to curb such un-lawful activities have been missing. The Committee suggested that the Petitioner should improve its billing and collection efficiency in order to curb theft/pilferage in its areas. Further, the Committee also suggested that the Commission should direct the Petitioner to submit action plan for curbing theft in its areas with clearly defined timelines.

(c) Further, in view of dismal performance of the Petitioner with respect to consumer metering, the Committee suggested that the Commission should analyze the details of actual meters installed during the previous year.

(d) The Committee also pointed out that the Petitioner has claimed water usage charges twice in its Petition. The water usage charges are included in the proposed tariff of JKSPDC and also separately claimed by the Petitioner, which results in double accounting.

(e) The Committee also drew the attention of the Commission towards the glaring discrepancies in the data submitted by the Petitioner in the ARR/Tariff Petition and that in the figures available in records of the State Government Budget and Annual Resource Plan. Thus, proper verification should be carried out while approving the ARR/Tariff for MYT control period by the Commission.

1.21 The suggestions made by the members of the Committee were noted by the Commission and these suggestions have been considered by the Commission in this Order at appropriate places.

Public Hearings

1.22 JKPDD-D published a public notice indicating the salient features of its ARR/Tariff petition for the MYT Control period and inviting objections and suggestions from the consumers and other stakeholders. The public notice appeared in the following newspapers:

Table 2: List of Newspapers

Sl. No.	Newspaper	Date of Publication
1	Daily Excelsior	23.02.2013
2	Greater Kashmir	23.02.2013

1.23 The copies of the petitions were made available for purchase on all working days by the consumers from the utility's offices in Jammu, Srinagar and Leh.

1.24 The public notice advised respondents to submit (in person or by post or by fax) all copies of their objections written either in English, Hindi or Urdu to the Commission with a copy to JKPDD. The last date for submitting the comments/ objections was 15th March, 2013. Respondents were also given the option to be heard in person during the public hearings conducted by the Commission.

1.25 The Commission and Petitioner received objections/ comments from 24 respondents, few of them on the day of the hearing. The list of stakeholders who responded to the public notice on ARR and tariff petition and those who attended the public hearing is provided in Annexure 2 and Annexure 3 respectively.

1.26 The Commission held public hearings in Jammu on 18th March, 2013 and in Srinagar on 20th March, 2013, to discuss the issues related to the petition filed by JKPDD-D for approval of ARR for MYT Control Period from FY 2013-14 to FY 2015-16 and determination of tariff for FY 2013-14. The public hearings enabled the utility to present its case and to respond to the objections raised by various respondents.

1.27 The issues and concerns voiced by various stakeholders have been carefully examined by the Commission. The major issues discussed during the public hearing, through the objections raised by the respondents and the observations made by the Commission, have been summarized in chapter on objections and issues raised during public consultation process.

A2: SUMMARY OF ARR & TARIFF PETITION

2.1 This section contains a summary of the petition for approval of ARR for MYT Control Period from FY 2013-14 to FY 2015-16 and Tariff proposal for FY 2013-14 submitted by JKPDD-D.

Sales Projections

2.2 JKPDD-D submitted that at end of FY 2011-12, the total number of consumers catered by JKPDD-D system was 13,31,956 having a total connected load of 1821.76 MW. In FY 2012-13, the number of consumers and connected load are estimated to be 13,82,604 and 2143.63 MW, respectively. The projections for the MYT Control period for number of consumers and connected load have been made based on the past trend and the proposed metering plan of the existing un-metered consumers in the State.

2.3 At end of FY 2012-13, estimated number of total un-metered consumers stands at 6,90,822 which are proposed to be metered by end of the MYT control period only (FY 2015-16). In addition, approx. 4,73,034 consumers have been identified as un-registered consumers based on the Census 2011 report which are not reflected in the records of JKPDD-D. These consumers are proposed to be regularized during FY 2013-14 and FY 2014-15 and metered by end of the MYT control period i.e. FY 2015-16. The projected consumer category-wise number of consumers and connected load for the MYT period as projected by JKPDD-D has been summarized below.

Table 3: Projected Number of Consumers and Connected Load (MW)

Consumer Categories	No. of Consumers			Connected Load (MW)		
	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Domestic						
Metered	780,340	1,166,534	1,733,904	676	1,050	1,651
Unmetered	716,861	525,866	-	538	438	-
Non-Domestic/ Commercial						
Metered	121,316	141,021	176,432	234	288	371
Unmetered	44,794	29,863	-	39	33	-
Agriculture						
Metered	13,394	15,366	18,689	85	105	142
Unmetered	3,733	2,488	-	46	33	-
State/ Central Govt. Dept.						
Metered	10,012	10,278	10,550	196	212	231
Unmetered	-	-	-	-	-	-
Public Street Lighting						
Metered	103	159	269	5	7	12

Consumer Categories	No. of Consumers			Connected Load (MW)		
	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Unmetered	153	102	-	6	5	-
LT Industrial						
Metered	19,420	19,781	20,149	247	256	266
Unmetered	-	-	-	-	-	-
HT Industrial						
Metered	698	724	750	281	300	321
Unmetered	-	-	-	-	-	-
HT-PIU Industrial						
Metered	15	15	16	38	38	40
Unmetered	-	-	-	-	-	-
LT Public Water Works						
Metered	1,293	1,601	2,136	44	58	87
Unmetered	606	404	-	33	25	-
HT Public Water Works						
Metered	151	159	167	20	23	26
Unmetered	-	-	-	-	-	-
General Purpose/ Bulk Supply						
Metered	148	167	187	38	41	43
Unmetered	-	-	-	-	-	-
Total	**1,713,037**	**1,914,527**	**1,963,250**	**2,528**	**2,911**	**3,189**

2.4 JKPDD-D estimated the category-wise energy sales for the MYT Period based on Compounded Annual Growth Rate (CAGR) in energy sales in various consumer categories for the past three years (FY 2009-10, FY 2010-11 and FY 2011-12), the growth observed in the first six months of FY 2012-13 and the proposed metering plan of the un-metered consumers. The projected increase in sales during FY 2013-14, FY 2014-15 and FY 2015-16 over the previous year figures is 16%, 13% & 8%, respectively. Consumer category-wise energy sales projected for the MYT period by JKPDD-D has been summarized in the following table.

Table 4: Projected Energy Sales Forecast (in MUs)

Sl. No.	Description	MYT Period		
		2013-14	2014-15	2015-16
1	Domestic			
	- Metered	1,137	1,744	2,768
	- Unmetered	1,003	789	-
2	Non Domestic / Commercial			
	- Metered	453	567	773

	- Unmetered	130	107	-
3	Agriculture			
	- Metered	218	274	379
	- Unmetered	90	71	-
4	State / Central Govt. Department			
	- Metered	534	563	577
	- Unmetered	-	-	-
5	Public Street Lighting			
	- Metered	17	26	45
	- Unmetered	21	16	-
6	LT industrial Supply			
	- Metered	394	420	420
	- Unmetered	-	-	-
7	HT Industrial Supply			
	- Metered	651	710	774
	- Unmetered	-	-	-
8	HT-PIU Industrial Supply			
	- Metered	126	128	129
	- Unmetered	-	-	-
9	LT Public Water Works			
	- Metered	221	242	509
	- Unmetered	226	246	-
10	HT Public Water Works			
	- Metered	102	107	113
	- Unmetered	-	-	-
11	General Purpose / Bulk Supply			
	- Metered	154	162	172
	- Unmetered	-	-	-
	Grand Total	**5,478**	**6,173**	**6,660**

Transmission & Distribution Losses and Energy Requirement

2.5 Based on the data submitted by JKPDD-D during the several interactions and submissions made to the Commission, the distribution losses for FY 2011-12 and FY 2012-13 were reported to be 56.4% and 55.5% respectively. JKPDD-D has proposed to reduce the distribution losses substantially every year during the MYT Control Period. The distribution losses have been submitted to reduce from the current level of 55.5% during FY 2012-13 to 40.0% by the end of the Control Period, i.e. FY 2015-16. The table below summarizes the distribution loss trajectory and energy requirement as submitted by the Petitioner.

Table 5: Proposed Distribution Loss (%) and Energy Requirement

Sl. No.	Description	*Unit*	2012-13 (Rev. Est.)	MYT Period (Proj.)		
				2013-14	2014-15	2015-16
1	Energy Sales	*MU*	4,719	5,478	6,173	6,660
2	Distribution Losses	*%*	55.5%	50.0%	44.0%	40.0%
3	**Total Energy required at Dist. periphery**	***MU***	**10,595**	**10,957**	**11,023**	**11,099**

4	Intra-State Transmission losses (%)	%	4.30%	4.25%	4.20%	4.15%
5	**Total Energy Requirement**	***MU***	**11,071**	**11,443**	**11,506**	**11,580**

Energy Availability

2.6 The energy requirement for the state is met from the following sources

(a) Power Purchase from JKSPDC

(b) Power Purchase from CPSUs (including free power from select stations)

(c) Power Purchase from other sources

2.7 Based on the availability of power from different sources, total power procurement planned during MYT period to meet the energy requirement as submitted by the licensee is given in the following table.

Table 6: Summary of Energy Availability as submitted by JKPDD-D (in MUs)

Sl. No.	Description	*Unit*	2012-13 (Rev. Est.)	MYT Period (Proj.)		
				2013-14	2014-15	2015-16
1	Own generation and JKSPDC	*MU*	2,546	2,546	2,546	2,546
2	Central Public Sector Utilities	*MU*	8,768	9,216	9,216	9,216
3	Additional Tie-up from New Sources	*MU*	-	96	159	233
4	UI/ Other ST Purchases	*MU*	152	-	-	-
5	Less: Inter-state Transmission losses	*MU*	(395)	(415)	(415)	(415)
6	**Total Energy Available**	***MU***	**11,071**	**11,443**	**11,506**	**11,580**

Annual Revenue Requirement (at existing tariff)

2.8 The following table summarizes the ARR projections submitted by JKPDD-D for FY 2012-13 and the MYT period from FY 2013-14 to FY 2015-16.

Table 7: Summary of ARR for MYT Period as submitted by JKPDD-D (in Rs. Cr.)

Sl. No.	Description	2012-13 (Rev. Est.)	MYT Period (Proj.)		
			2013-14	2014-15	2015-16
1	Power Purchase Cost				
a)	Purchase of Power from JKSPDC	617.06	631.18	650.12	669.62
b)	Purchase of Power from Other sources (including inter-state transmission charges)	3205.34	3132.95	3277.76	3426.97
	Sub-Total	**3822.40**	**3764.13**	**3927.88**	**4096.59**
2	Water Usage Charges	305.65	305.65	305.65	305.65
3	Transmission & Load Dispatch charges	171.77	203.14	243.88	295.03
4	O&M Expenses	518.07	553.21	590.77	630.89
5	Interest on Loans	16.36	19.15	23.10	28.17
6	Depreciation	179.60	204.19	238.30	276.05

7	Interest on Working Capital	-	144.26	153.25	163.08
8	**Gross ARR**	**5013.85**	**5193.72**	**5482.83**	**5795.46**
9	Add: Return on Equity	-	-	-	-
10	Less: Non-tariff income	13.42	14.09	14.80	15.54
11	**Net ARR (A)**	**5000.43**	**5179.63**	**5468.03**	**5779.92**
12	Revenue Demand at existing Tariffs	1,601.51	1,743.28	1,943.62	2,084.95
13	*Collection efficiency*	*95%*	*96%*	*97%*	*98%*
14	Revenue realization at existing tariffs (12 * 13)	1,521.43	1,673.55	1,885.31	2,043.25
15	**Revenue Gap**	**3,479.00**	**3,506.08**	**3,582.72**	**3,736.67**

2.9 The position of average cost of supply (ratio of total expenditure to total energy sale) and overall average realization at existing tariff rates (ratio of total revenue realized to total energy sale) for the entire MYT control period as proposed by the Petitioner is given in the following table:

Table 8: Proposed Average Cost of Supply and Average Overall Tariff (in Rs/kWh)

Description	2012-13 (Rev. Est.)	MYT Period (Proj.)		
		2013-14	2014-15	2015-16
Average Cost of Supply	10.60	9.45	8.86	8.68
Average Realisation Rate	3.22	3.05	3.05	3.07
Gap	**7.37**	**6.40**	**5.80**	**5.61**

Proposed tariff

2.10 JKPDD-D has proposed to partially bridge/reduce the revenue gap for the FY 2013-14 of Rs.3,506.08 Cr through additional revenue from proposed tariff revision across consumer categories. While the unmet revenue gap is proposed to funded through financial support from Government of J&K. The increase in tariff will reduce the revenue gap for FY 2013-14 by Rs 226.51 Cr after accounting for the proposed collection efficiency of 96% for the year. The proposed tariff for various consumer categories is as shown below:

Table 9: Proposed Tariff Schedule for FY 2013-14

Sl. No.	Consumer Category	Particulars	Proposed Tariff FY 2013-14
1	**Domestic**	**Metered Consumer**	
		Energy Charge (Rs/kWh)	
		0- 30 units/month	1.19
		30 -100 units/month	1.65
		101-200 units/month	2.03
		> 200 units/month	3.11
		Fixed Charges (by abolition of minimum monthly charges) (Rs/ Month)	
		Upto ¼ kW	15.00
		above 1/4 kW upto 1/2 kW	27.00
		above 1/2 kW upto 1 kW	43.00

Sl. No.	Consumer Category	Particulars	Proposed Tariff FY 2013-14
		above 1 kW for every 250 W, or part thereof	11.00
		Flat Rate for Unmetered Connection (Rs. / month)	
		upto ¼ kW	89.00
		above 1/4 kW upto 1/2 kW	299.00
		above 1/2 kW upto 3/4 kW	457.00
		above 3/4 kW upto 1 kW	614.00
		above 1 kW upto 2 kW	1,197.00
		above 2 kW (for every additional ½ kW)	Rs. 1,197.00 + Rs. 483.00 for every additional 1/2 kW or part thereof
2	**Non-domestic/ Commercial Supply**	**Energy Charge - Metered Connection**	
		Single Phase (Rs/kWh)	
		Upto 100 units/month	2.31
		101 to 200 units/month	2.68
		above 200 units/month	3.88
		Three Phase	
		For all units with Connected load <= 20 kW (Rs/kWh)	4.52
		For all units with Connected load > 20 kW (Rs/kVAh)	4.52
		Fixed Charges (Rs. / kW / month)	
		Single Phase	43.00
		Three Phase	99.00
		Fixed Charges (Rs. /kW/ month), Load (in kW) to be rounded off to the next 1/2 kW for the purpose of application of Fixed Charges. For connections with sanctioned load below 100kW (115 kVA) supplied and metered on HT, 5% rebate on energy charges of Non-Domestic/Commercial Tariff shall be allowed.	
		Flat Rate for Unmetered Connection (Rs. / month)	
		Upto 1/4 kW	251.00
		above 1/4 kW upto 1/2 kW	713.00
		above 1/2 kW upto 1 kW	1,425.00
		Above 1 kW (and part thereof for every kW above 1 kW)	1,832.00
3	**State/ Central Government Departments**	**Energy Charges (Rs./ kWh)**	
		LT Supply – Connected load <= 20kW (Rs/kWh)	7.13
		LT Supply – Connected load > 20kW (Rs/kVAh)	7.13
		For connections at higher voltages of 11kV and 33kV, 2.5% and 5% rebate on energy charges, respectively shall be applicable.	
		Fixed Charges (Rs./kWh)	
		For metered consumers	29.00
4	**Agricultural Supply**	**Energy Charges for Metered Connection (Rs. / kWh)**	
		0 to 20 HP	0.64
		Above 20 HP	4.64
		Fixed Charges for connected load (by abolition of minimum monthly charges) (Rs./ HP/ month)	
		0 - 20 HP	21.00
		Above 20 HP	83.00
		Flat Rate for Unmetered Connection (Rs./ HP/ month)	

Sl. No.	Consumer Category	Particulars	Proposed Tariff FY 2013-14
		0 to 20 HP	168.00
		Above 20 HP	1343.00
5	**Public Street Lighting**	**Energy Charge for Metered Connection (Rs./ kWh)**	
		For all units	5.46
		Fixed Charges (Rs./kWh)	
		For metered consumers	41.00
		Flat Rate Charges for Unmetered Connection	
		Rs./ kW or any part thereof / month	1357.00
6	**LT Public Water Works**	**Energy Charge for Metered Connection (Rs./ kWh)**	
		For all units with connected load <= 20 kW (Rs/kWh)	6.15
		For all units with connected load > 20 kW (Rs/kVAh)	6.15
		Fixed Charges (Rs./kWh)	
		For metered consumers	47.00
		Flat Rate Charges for Unmetered Connection	
		Rs./ kW or any part thereof / month	1438.00
7	**HT Public Water Works**	**Energy Charges for Metered Connection (Rs./kVAh)**	
		11 kV Supply	4.38
		33 kV Supply and above	4.23
		Demand Charges for Metered Connection (Rs./ kVA or part thereof / Month)	
		11 kV Supply	242.00
		33 kV Supply and above	235.00
		For connections above 100 kW supplied on LT, additional 5% surcharge on demand and energy charges at 11 KV tariff shall be chargeable.	
8	**LT Industrial Supply**	**Energy Charges for Metered Connection**	
		For all units connected load <= 20 kW (Rs/kWh)	3.05
		For all units connected load >20 kW (Rs/kVAh)	3.05
		Fixed Charges for Metered Connection	
		Rs./KW/month	49.00
		Load in kW to be rounded off to the next ½ kW for the purpose of application of fixed charges. For Connections with sanctioned load below 100 kW supplied and metered on HT, 5% rebate on Energy Charges of the LT Industrial Tariff shall be allowed.	
9	**HT Industrial Supply**	**11 kV Supply**	
		Energy Charge (Rs./ kVAh)	2.90
		Demand Charge (Rs./ kVA/ month)	152.00
		For Connections with sanctioned load above 100 kW upto 1 MVA metered on LT, additional 5% surcharge on demand & energy charges at 11 KV tariff shall be chargeable.	
		33 kV Supply	
		Energy Charge (Rs./ kVAh)	2.82
		Demand Charge (Rs./ kVA/ month)	152.00
		For 66 kV – 1.5% Rebate on the Energy Charge for 33 kV Supply.	
10	**HT Industrial Supply for Power Intensive**	**11 kV Supply**	
		Energy Charge (Rs./ kVAh)	3.40
		Demand Charge (Rs./ kVA/ Month)*	216.00

Sl. No.	Consumer Category	Particulars	Proposed Tariff FY 2013-14
	Industries	**33 kV Supply**	
		Energy Charge (Rs./ kVAh)	3.32
		Demand Charge (Rs./ kVA/ Month)*	209.00
		*Or part thereof on billing demand; For 66 kV – 1.5% rebate on the Energy Charge for 33 kV Supply	
11	**General Purpose Bulk Supply**	**11 kV Supply**	
		Energy Charge (Rs./ kVAh)	4.20
		Demand Charge (Rs./ kVA/ Month)*	221.00
		For connections above 100kW supplied on LT, additional 5% surcharge on demand and energy charges at 11kV tariff shall be chargeable.	
		33 kV Supply	
		Energy Charge (Rs./ kVAh)	3.97
		Demand Charge (Rs./ kVA/ Month)*	214
		*Or part thereof on Billing Demand; For 66 kV – 1.5% Rebate on the Energy Charge for 33 kV Supply.	
12	**LT and HT Temporary Connection**	1.5 times the applicable rates (on fixed/ demand and energy charges).	

Annual Revenue Requirement at Proposed Tariff

2.11 As per JKPDD-D's submission, the revenue demand for FY 2013-14 at proposed tariff is estimated to be Rs. 1,979.23 Cr and assuming a collection efficiency of 96%, revenue that can be realized is expected to be Rs. 1,900.06 Cr in FY 2013-14. However, even after the proposed tariff hike the revenue gap of Rs. 3,279.57 Cr would still remain. The Petitioner has proposed that this unmet gap can be bridged through financial support from Government of J&K.

2.12 The ARR and revenue gap for FY 2013-14 at the proposed tariffs by the Petitioner is given below:

Table 10: Proposed Annual Revenue Requirement (ARR) in Rs. Cr

Particular	FY 2013-14 (Proj.)
Annual Revenue Requirement	**5,179.63**
Covered by	
Revenue Billed @ Existing Tariff	1743.28
Collection efficiency	96%
Revenue Collection	1,673.55
Revenue available towards ARR @ Existing Tariff	**1,673.55**
Revenue Gap at Existing Tariff	**3,506.08**
Additional Revenue at Proposed tariff taking into account collection efficiency at 96%	226.51
Net Revenue Gap at Proposed tariff	**3,279.57**

A3: PUBLIC CONSULTATION PROCESS

3.1 The Commission directed JKPDD-D to publish the gist of the proposal as public notice indicating the salient features of its ARR for MYT period and tariff petition for FY 2013-14 and inviting objections and suggestions from the consumers and other stakeholders. JKPDD-D published the notice in the following newspapers on 23rd February 2013:

Table 11: List of Newspapers

Sl. No.	Newspaper	Date of Publication
1	Daily Excelsior	23.02.2013
2	Greater Kashmir	23.02.2013

3.2 The consumers and other stakeholders were encouraged to obtain copies of the ARR for entire MYT period from FY 2013-14 to FY 2015-16 and tariff petition for FY 2013-14 as submitted by JKPDD-D from the following offices of JKPDD-D on payment of photocopying charges:

a) Development Commissioner (Power), Janipur, Jammu
b) Chief Engineer, EM&RE Wing, Kashmir, Sonawar (behind Hotel Shangrila), Srinagar
c) Chief Engineer, EM&RE Wing, Canal Power House, Jammu
d) SE, EM & RE, Circle, Choglamsar, Leh

3.3 Copies were also made available to be downloaded from JKPDD-D website: www.jkpdd.gov.in and Commission website: www.jkserc.nic.in.

3.4 The last date for submitting the comments/ objections on ARR and tariff petition was 15th March 2013.

3.5 The public notice advised respondents to submit (in person or by post or by fax) four copies of their objections written either in English, Hindi or Urdu to the Commission with two copies to JKPDD-D. Respondents were also given the option to be heard in person during the public hearings conducted by the Commission.

3.6 JKPDD-D were informed to reply to each of the objections/comments/suggestions received within three days of the receipt of the same but not later than 20th March 2013 for all the objections and comments/suggestions received till 15th March 2013.

3.7 Stakeholders were advised to submit their rejoinders on replies provided by JKPDD either during the public hearing or latest by 22nd March 2013.

3.8 The Commission and Petitioner received objections/ comments from 24 respondents, some of which even spoke on the day of the hearing. The list of stakeholders who responded to the public notice on ARR and tariff petition and those who attended the public hearing is provided in Annexure 2 and Annexure 3 respectively.

3.9 The Commission held public hearings in Jammu on 18th March, 2013 and in Srinagar on 20th March, 2013, to discuss the petition filed by JKPDD-D for approval of ARR and determination of tariff.

3.10 The respondents were given an opportunity to put forth their comments and suggestions on the ARR and Tariff petition to the Commission. The Commission also allowed persons who had not submitted written responses but attended the public hearings to express their views, regarding the ARR and tariff petition and the general functioning of JKPDD-D.

3.11 The issues raised during the public hearing process, the responses of JKPDD-D and the Commission's observations are detailed below:

Default on timely submission of Petition

3.12 Several objectors pointed out that the Petitioner was required to file the complete petition by 30th November 2012 as required under Regulations. However, JKPDD-D filed the incomplete petition on 30th November 2012. Further, the Petitioner without any justification submitted revised petition along with revised business plan and tariff proposals for FY 2013-14 on 18th February 2013. The objectors pointed out that without the mention of the relevant provisions of the Act/Rules/Regulations under which it has revised the petition, the same should not be accepted by the Commission.

Petitioner's Response

3.13 JKPDD-D submitted that it has made every effort to submit the petition within the notified time frame only. However, the tariff proposal was filed separate of main petition, because JKPDD-D being a government department has to take certain internal approvals for the proposed revision in tariffs before submission of same to the Commission. Further, revision in original petition was necessitated so as to incorporate the impact of change in number of consumers due to identification of un-registered/un-regularised electrified connections as per the Census 2011 report which were inadvertently left out by the Petitioner in its earlier submission.

Commission's View

3.14 The Commission observes that even though the Petitioner filed the ARR petition for the entire MYT Control period from FY 2013-14 to FY 2015-16 on 30th November 2012, it was incomplete as no tariff proposal was submitted along with the Petition. Further, on initial scrutiny of the Petition, the Commission noted several data discrepancies and additional information requirements and communicated the same to the Petitioner. The Petitioner filed the complete ARR and Tariff Petition for the MYT control period on 18th February 2013 only. This also included revision in its earlier submission due to inclusion of impact of un-registered/un-regularized electrified connections.

3.15 In view of above, the Commission directs the Petitioner that in future it should make sincere efforts to ensure that the complete tariff petition with reliable information is filed to the Commission within the timelines prescribed by the relevant regulations issued by the Commission from time to time.

Failure to provide requisite details and information in the Petition

3.16 The Commission received several objections stating that JKPDD-D has failed to provide requisite details, information and particulars as prescribed in the formats which are necessary to justify their claims and revenue requirements.

3.17 Several Objectors also submitted that JKPDD-D has not given any justification for the substantial increase in proposed expenditure for MYT Control period and requested the Commission to apply a prudence check.

Petitioner's Response

3.18 JKPDD submitted that they have furnished the best available requisite details and information available with them in the notified formats.

Commission's View

3.19 As pointed out earlier, the Commission also observed deficiency in the data submitted by JKPDD-D and wrote several letters to JKPDD-D regarding deficiencies and seeking additional information and clarifications. The Commission also held a series of discussions with the Utility to gather additional information.

3.20 The Commission without any reservation agrees with the contention of non availability of requisite details, information and particulars as was required according to the prescribed formats. Further even the information furnished by the Petitioner lack authenticity. Therefore, Commission scrutinized and reviewed all the data submitted by JKPDD-D and has approved only the reasonable costs. The Commission has accepted and evaluated the petition submitted by JKPDD-D with the twin objective of achievement of financial viability of the power sector in the State as well as addressing the concerns raised by the consumers.

Power Purchase Cost

3.21 The Objectors submitted that the power purchase quantum and cost has not been estimated in accordance with Regulation 18 and 19 of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012. It was pointed out that while the power purchase quantum ought to have been based on the demand estimates for metered and unmetered sales and augmented by the distribution loss. However the Petitioner has not estimated both the demand projections and the loss trajectory in accordance with relevant provisions of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012. The losses have been notionally increased and kept at higher levels resulting in demand being lower while quantum of purchase to be high. Accordingly power purchase cost has been shown to be very high.

3.22 The Objectors submitted that net increase in the per unit cost of power purchase during FY 2013-14 over previous year has been estimated to be 20.49% which seems to be totally irrational as the power purchase cost from state/central owned stations is proposed to increase by 3-5% only during FY 2013-14.

3.23 The Objectors requested the Commission to approve the power purchase cost as per the approved generation tariff and strictly in accordance with the applicable Regulations.

Petitioner's Response

3.24 The Petitioner stated that while the increase in purchase of power in terms of units purchased is quite nominal, the actual power purchase cost has increased over the years on account of other reasons. The Tariff Orders for several Central Generating Stations by the Central Electricity Regulatory Commission (CERC) have been issued recently; accordingly the Petitioner has considered revised tariffs for power purchased from such stations for FY 2012-13 and FY 2013-14. Further, increase in power purchase cost by approx. 20% during FY 2012-13 as compared to previous year is on account of water usage charges which are State Government levy and hence pass through expenses and have been incurred from FY 2012-13 onwards.

3.25 However, as it is expected that the CERC rates would not increase during FY 2013-14 and also there are no arrears for past years, the proposed power purchase cost during FY 2013-14 is expected to decrease by 1.52% from previous year levels, even though purchase quantum for that year is increasing. The summary of cost of power purchase & units purchase from FY 2008-09 onwards as submitted by JKPDD-D has been presented in table below:

Table 12: Power Purchase Cost & Quantum as submitted by JKPDD-D for previous years

Description	2008-09 (A)	2009-10 (A)	2010-11 (A)	2011-12 (A)	2012-13 (R.E.)	2013-14 (Proj.)
Annual power purchase cost (in Rs Cr) *	1,783.64	2,560.95	2,796.62	3,673.41	3,822.40	3,764.13
Y-o-Y Increase (in %)		**43.58%**	**9.20%**	**31.35%**	**4.06%**	**-1.52%**
Actual units purchased (in MU)	9,147.22	10,019.50	10,301.18	10,717.77	11071.24	11443.26
Y-o-Y Increase (in %)		**9.54%**	**2.81%**	**4.04%**	**3.30%**	**3.36%**

Note: * Does not include pass through expenses such as water usage charges, intra-state transmission charges, etc

3.26 The Petitioner further requested the Commission to consider the revised estimates for power purchase for FY 2012-13 as submitted since there is considerable variation in power purchase cost owing to the fact that the CERC has issued the tariff orders for most of the Central generating stations/POWERGRID and there is considerable upward revision of generation/ transmission tariff which is beyond the control of JKPDD-D and hence is required to be factored in accordingly.

Commission's View

3.27 After a prudence check on the information pertaining to the Power purchase cost, the Commission somehow agrees with the response of the Petitioner. There has been an increase in power purchase cost of the central generating stations as also reflected in the latest orders of the CERC and also the State Government levy of water usage charges in case of Hydro power stations, which is a pass through expense. The Commission has presented its views in detail in **'Section A7: Review of Power Purchase'** of this Order.

Establishment Expenditure

3.28 The Objectors questioned the high projected increase in establishment expenditure as proposed by Petitioner and stated that there are no details or any justification given by the Petitioner with regard to such increase in establishment costs. Further, break up of cost has not been proposed by the Petitioner and the projected increase of 22.84% during FY 2013-14 is way too high.

3.29 They also submitted that the ratio of employees to the number of consumers in the State is high as compared to other electricity utilities in other states. The Objectors further pointed out that the above is notwithstanding that in other states, a significant part of the employees cost includes the actual cash contribution to terminal benefits such as Provident Fund, Pension, Gratuity etc. whereas employees of the Petitioner are being paid their terminal benefits out of the revenue projected and not through cash contribution to any Trust or Fund.

3.30 The Objectors demanded that no more establishment expenditure be allowed to the Petitioner. This is because in the first ever tariff order; it was made mandatory that the overall automation of metering, energy added and recovery be made. Had these directives of the Commission been followed in letter and spirit, the requirement of man power by the petitioner would have reduced automatically and the employees cost would have also reduced but the Petitioner has never followed the directions issued by the Commission.

Petitioner's Response

3.31 Petitioner submitted that the break-up of various costs incurred under the establishment expenses has been covered in the petition itself. Further, JKPDD-D being a department of Govt. of J&K, the employee costs, especially salaries has to be kept at par with the other departments of Government of J&K and is a legal binding on the Petitioner to follow the same. Further, these have to be paid as per actual only as per the applicable Govt. policies and Petitioner has no control over it.

3.32 Petitioner also emphasized that their establishment expenses are among the lowest in the country as compared with other state owned distribution utilities. Also, keeping in view the additional consumer base and sales planned to be added during the MYT Control Period, the employee to consumer ratio is expected to be quite nominal in future.

Commission's View

3.33 The Commission is of the view that as the process of unbundling is going on and the Petitioner has filed separate petitions for transmission and distribution business, it is essential to segregate the actual O&M cost incurred during previous years by JKPDD into its transmission and distribution businesses. Accordingly, the Commission has allocated the cost incurred during FY 2010-11 and FY 2011-12 into the two businesses, which form the basis of projection of O&M cost in accordance with the relevant provisions of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 and has been discussed in detail in **'Section 0 Review of Costs'** of this Order.

Distribution loss level

3.34 The Objectors pointed out that the distribution losses estimated of 55.5% for FY 2012-13 by the Petitioner are substantially higher than the approved combined T&D losses of 46.76% for FY 2012-13 by the Commission in its previous Tariff Order. Further, the projected distribution losses for the MYT control period of 50%, 44% and 40% for FY 2013-14, FY 2014-15 and FY 2015-16, respectively are also very high.

3.35 They have also submitted that according to the recommendations of Abraham Committee Report, the Petitioner had fixed target of 43% combined T&D loss level for FY 2007-08 and was expected to reduce the loss level by 4% every year. In view of the recommendations of the Abraham Committee Report, the T&D losses for FY 2012-13 & FY 2013-14 should have been 23% and 19%, respectively. Further, at the end of the MYT Control period, the Petitioner should have been able to reduce the T&D losses to 11% as depicted in the following table:

Table 13: T&D loss levels from FY 2007-08 to FY 2015-16

Year	Proposed Distribution Losses	Abraham Committee Recommended T&D loss	% increase over the recommended T&D loss level
2007-08	49.31%	43%	14.67%
2008-09	61.31%	39%	57.21%
2009-10	62.06%	35%	77.31%
2010-11	58.70%	31%	89.35%
2011-12	56.40%	27%	108.89%
2012-13 (R.E)	55.50%	23%	141.30%
2013-14 (Proj.)	50.00%	19%	163.16%
2014-15 (Proj.)	44.00%	15%	193.33%
2015-16 (Proj.)	40.00%	11%	263.64%

3.36 The Objectors submitted that performance of the Petitioner is much below the required level. The proposed distribution loss level of 40% for FY 2015-16 is more than 260% higher than the required level of combined T&D losses as per the Abraham Committee Report. The Objectors submitted that no justification has been provided by the Petitioner for putting the burden of such high level losses on the consumers which are clearly on account of inefficiency of the utility itself.

3.37 The Objectors submitted that the States like Uttarakhand and Himachal Pradesh also have similar characteristics as that of our State i.e. scattered population, difficult terrain, low load density and long sub-transmission and distribution lines etc but the loss levels are much lower and are in the range of 12-17% only.

3.38 Looking at the loss levels achieved by the Petitioner, it is unambiguously clear that the Petitioner has not made any serious effort to reduce the loss levels. Further, it has projected to increase its losses beyond the approved loss levels as per previous Tariff Orders of the Commission. Thus it is clear that the utility is only seeking to pass on the burden of the entire loss level due to its own inefficiency and mis-management to the consumers, particularly to the industrial consumers who contribute to the maximum revenue. The Objectors submitted that only prudent level of T&D losses which are much less than the existing level of T&D losses in the State should be passed on in the tariff.

3.39 In addition to above, the Objectors also submitted that the Petitioner has not provided circle-wise/feeder-wise actual distribution loss as mandated under the Regulation 18 of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012.

Petitioner's Response

3.40 Petitioner agreed with the Objectors that the T&D losses at present are at a very high level and it is making every possible effort for reduction of these losses. They have set target of 100% metering of 30 major cities and towns which is expected to be achieved shortly. Petitioner also submitted that T&D losses have been computed taking into consideration energy input at state periphery and energy billed to the consumers.

3.41 The Petitioner submitted that even though loss level may vary in different regions of the state, it is not possible to have separate tariffs for different regions in the current scenario. However, the unbundling structure approved by GoJK has the provision of separate discoms for Jammu and Kashmir provinces and accordingly provision of differential requirements and differential tariffs may be looked into by the Commission.

3.42 Regarding the measures for loss reduction, Petitioner submitted that identification and segregation of losses has already been initiated and the process of system metering, feeder metering and boundary metering is being verified by Third Party Independent Agency (TPIA). Further, they plan to complete the process of data recovery and connecting of all business units to a central database. However, considering the remoteness of some of the areas of Kashmir, there can be some delay in overall completion of this process.

3.43 Further, the Petitioner conveyed that they are committed to reduction of losses and in fact has proposed a realistic trajectory for reduction of losses. Urban Areas are being covered under R-APDRP for loss containment. State govt. is pursuing Union Power Ministry to include and fund smaller townships (having population of over 4000 as per 2001 census) on same lines as has been done under R-APDRP. In recent meeting of Power Ministers of State with Union Ministry of Power, it has been unanimously agreed that towns having population of over 5000 will be addressed.

3.44 The Petitioner also pointed out that it has worked out the Cost of supply at prudent loss levels as per the methodology adopted by the Commission in the Tariff Order for FY 2012-13 and cost in excess of prudent losses will be met through financial support from State Government and not been pass-through in the proposed tariffs.

3.45 In addition to above measures, the Petitioner has also proposed to achieve 100% metering of un-registered electrified connections as per the Census 2011 report which will go a long way in increasing the registered sales and drastic reduction in losses.

3.46 Further, Petitioner is also working towards improving the T&D infrastructure to reduce the losses and submitted that it has been successful to a great extent in getting some vital transmission links approved by the higher authorities. It has got a 400 kV line approved via Mughal road. Studies and surveys have been conducted for better connection of the valley to the northern grid. The Petitioner is hopeful that once a good and reliable transmission infrastructure is developed, losses will come down eventually.

Commission's View

3.47 The Commission agrees with the Objectors that the projected losses by the Petitioner are very high. Further, the Commission notes with concern that the Petitioner has time and again failed to achieve the target for loss as set out by the Commission in its previous Tariff Orders. The actual T&D losses submitted are higher than that proposed by the Petitioner itself in previous Tariff Orders. A summary of proposed T&D loss, approved T&D loss and the actual loss submitted by the Petitioner during past three years has been summarized in following table:

Table 14: Distribution T&D loss Targets vs. Actual (in %)

Description	Proposed by Petitioner in previous Tariff Petition	Approved by Commission in previous Tariff Order	Actual submitted by Petitioner
FY 2010-11	58.98	57.79	60.55
FY 2011-12	59.72	55.99	58.16 *
FY 2012-13	52.82	46.76	57.37 **

Note: * Based on actual transmission loss of 4.05% and distribution loss of 56.40% for FY 2011-12 as submitted in the present petition; ** Based on re-estimated transmission loss of 4.30% and distribution loss of 55.46% for FY 2012-13 as submitted in the present petition

3.48 As can be seen, the utility has been unable to meet the targets set out by the Commission in previous Tariff Orders and has also been unable to achieve the projected loss levels as per its own submission.

3.49 Based on above, the Commission is of the view that the Petitioner has to make serious efforts to achieve the targets set out for reduction in losses. Thus the Commission has approved the same aggregate T&D loss for FY 2012-13 i.e. 46.76% (corresponding to distribution loss of 44.5%) and any additional power purchase over and above the target loss level would be disallowed by the Commission as the Commission feels that such inefficiencies cannot be passed on to the consumers.

3.50 Meanwhile, in view of the actual position of losses in the State, the Petitioner's proposal of reducing the distribution loss to 40% by end of the MYT control period is acceptable.

3.51 Further, it may be noted that the methodology followed by the Commission in determining the tariff in all the earlier tariff Orders has been based on a two-phase approach to tariff setting, as explained below:

(a) **Phase 1:** Commission approves a minimum average tariff at the Average Cost of Supply at Zero Losses ($ACOS_{ZL}$). Any increase in the $ACOS_{ZL}$ on a year-on-year basis is passed on in the retail tariffs by the Commission. This approach allows the average cost of supply to be calculated by dividing the approved costs by the total power purchase quantum for that year (assuming the energy input into the system is served to the consumers without any loss).

(b) **Phase 2:** The Commission gradually allows increase in average tariff over and above the $ACOS_{ZL}$ levels to reach the Average Cost of Supply at Prudent T&D Losses ($ACOS_{PL}$) level assumed to be the national average of T&D losses. The Commission may link such allowance of losses in the retail tariff to the actual reduction in T&D/ AT&C losses achieved by the Petitioner.

3.52 However, the Commission in all its earlier Tariff orders has followed only the Phase 1 Approach while approving the tariff hike keeping in mind the inadequacy of data provided by the Petitioner and its dismal performance in terms of bringing down the losses in the state. The Commission is of the opinion that this approach is justified, as the Commission does not want to burden the consumers with the inefficiencies of the Petitioner and only allowed the approved and prudent costs incurred by it. Accordingly, the Commission decided to restrict the tariff hike only to the extent of rise in the average cost of supply at zero loss levels in order to safeguard the interest of the consumers.

3.53 The Commission in its Tariff Orders has been striving to design the tariffs such that they are reflective of prudent costs which include cost of power purchase and cost of distribution and other statutory levies, which is necessary for maintaining, upgrading and expanding the distribution networks and not burden the consumers with the inefficiencies of the Petitioner.

Intra-State Transmission Loss

3.54 The Objectors submitted that estimated intra-state transmission loss of 4.50% for FY 2012-13 is very high. Further, while the Petitioner has submitted that the actual intra-state transmission losses for FY 2011-12 was only 4.05%, the losses instead of coming down have increased by 6% in FY 2012-13 without any justification.

Petitioner's Response

3.55 The Petitioner submitted that the projection for FY 2012-13 is based on estimated energy billed and power available at State periphery. Further, it is making efforts to reduce transmission losses and proposes to bring down transmission losses to 4.15% by end of the MYT control period.

Commission's View

3.56 The Commission is of the opinion that in the absence of any system study to determine actual levels of segregated transmission and distribution losses in the States, it is difficult to estimate the actual transmission loss level in the State.

3.57 Thus, in the absence of any system study conducted by the Petitioner for estimation of actual transmission losses in the system, the Commission has provisionally considered transmission losses at 4.0% for the entire MYT Period.

3.58 However, the Commission directs the Petitioner to carry out system studies for determination of transmission loss in the system through scientific methods and energy audit for estimating the actual transmission loss level and submit the report along-with the Annual Performance Review/ tariff petition for FY 2014-15.

Electricity Duty

3.59 Many consumers stated they are required to pay Electricity Duty @ 22% of the energy charges. Any increase in tariff by the Commission will also have the effect of increasing the quantum of Electricity Duty paid. The industries in the State will become highly uncompetitive and unviable with such increase in electricity duty.

3.60 They requested that the tariff may be determined after adjusting the applicable Electricity Duty payable by the consumers to the Government.

Petitioner's Response

3.61 The Petitioner requested the Commission to take an independent view of this as Electricity Duty is levied by the State Govt. and it has no control over it.

Commission's View

3.62 The levy of Electricity Duty is the matter of State Government and the Commission has no role to play in deciding on the charges for Electricity Duty. However, the Commission believes that electricity duty rate of 22% of energy charge is high and needs to be rationalized. The rate of 22% electricity duty was fixed when the rate of energy charges was very low, but now the situation has changed and the electricity duty rate needs to be revisited by the State Government. The Commission in the previous Tariff Orders also had highlighted this issue.

Average Cost of Supply

3.63 The Objectors submitted that Petitioner has not determined the category-wise/ voltage wise prudent loss level and prudent category-wise/ voltage wise cost of supply, in accordance with Regulation 36 (b) & (c) of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 and Sections 55 & 56 of the J&K Electricity Act 2010.

Petitioner's Response

3.64 The Petitioner submitted that while metering of 11 KV feeders is in place, the metering of other voltages is still on progress.

3.65 As there is not adequate data to determine voltage wise cost of supply at other voltage levels, the tariff proposal for FY 2013-14 has been prepared considering average cost of supply in line with the provisions of National Tariff Policy. However, the Petitioner is in the process of engaging a consultant for determination of voltage-wise losses so that Cost of Supply could be implemented appropriately.

3.66 Further, the Petitioner submitted that notwithstanding the local issues in the state of J&K, prudent Cost of Supply at the national average of T&D loss level of 25.27% has been worked out and has proposed the appropriate hike in current tariff to reach the prudent cost of supply only. The unmet deficit will be met through financial support from State Government and is not being charged to the consumers.

Commission's View

3.67 The Commission views that in order for the tariffs to each category of consumers to reflect the cost of supply of electricity, the exact cost to serve at the various voltage levels (at which the consumers are connected), namely 33 kV, 11 kV and Low Tension (LT) needs to be calculated, based on which tariffs for the consumers at the respective voltage levels should be determined. However, for an accurate voltage wise Cost of Supply study, energy accounting at all voltage level is necessary (not just 11 kV and above), which is only possible if energy meters are installed at every interface. Therefore, installation of appropriate energy meters at all levels in the T&D network is essential to undertake such a study.

3.68 Thus, in the absence of data on the status and results of the energy accounting process and in the interest of establishment of regulatory discipline (in a scenario of less than 100% metering), the Commission, vide its Tariff Orders, has been determining tariffs based on the average cost of supply across all consumer categories, while allowing only the justified/prudent distribution costs and not burdening the consumers with the inefficiencies of the Petitioner.

Depreciation

3.69 The Objectors submitted that the Petitioner has claimed depreciation in violation of the Regulation 24 (b) of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012. Since JKPDD-D is a Govt. Department the assets are created out of the Govt. funds and as such in terms of the aforementioned regulation, no deprecation is to be allowed on the assets funded by the Govt. funds. The Objector also submitted that the Petitioner has not provided the proper and necessary details for calculation of the depreciation and as such it cannot be allowed to claim depreciation at a consolidated rate without giving asset-wise break-up and relevant rate applicable.

Petitioner's Response

3.70 The Petitioner submitted that it is in the process of finalization of study for asset mapping for each region/district/circle in the State. However, till the time the study is completed, it requests the Commission to consider the depreciation as per the average rate as determined by it in previous Tariff Orders.

Commission's View

3.71 As per the Regulation 24 (b) of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012, depreciation will not be allowed on assets to be funded by capital subsidies, consumer contributions or Government grants. Accordingly, the Commission asked the Petitioner to submit bifurcation of Gross Fixed Assets (GFA) & Capital Works-in-Progress (CWIP) as on 31st March 2012 funded through grants and long-term loans (REC, PFC, etc).

3.72 As the Petitioner submitted that the exercise of segregation of assets into transmission and distribution functions of the utility is under progress; the details of financing of GFA for distribution business will be furnished after the bifurcation is completed.

3.73 In the absence of above-mentioned details, the Commission has provisionally approved depreciation on the outstanding balance of loans as on 31st March 2012 only. No depreciation has been considered on remaining amount of GFA as it is considered to have been funded through grants from State/Central Government. However, this is subject to true up on the basis of actual segregation of GFA into that financed through loans and grants when submitted with the Annual Performance Review (APR) petition for FY 2014-15.

3.74 With regard to the rate of depreciation, the Commission noted that till such time the study for segregation of assets is complete, the average rate of depreciation as approved in previous Tariff Orders has been considered.

Interest on Working Capital

3.75 The Objectors submitted that the Petitioner has not computed working capital as per Regulation 26 of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 as first it has not reduced the amount of security deposits from customers from the estimated amount of working capital and second expected revenue for 2 months is over-estimated. Further the rate of interest of 15% is higher than the J&K Bank Advance Rate as specified by the abovementioned regulations.

3.76 Moreover, the Objectors pointed out that as the Petitioner has not taken any working capital loan and as such all its working capital requirements are funded through State Government funds, no interest on working capital should be allowed.

Petitioner's Response

3.77 The Petitioner submitted that it has not claimed any interest on working capital for FY 2011-12 and FY 2012-13. However, from FY 2013-14 onwards, JKPDD-D is expected to fully function as independent entity, it has requested the Commission to allow normative interest on working capital in line with the relevant provisions of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012.

Commission's View

3.78 The Commission has estimated the normative working capital requirement in line with the Regulation 26 of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012. Further the rate of interest for computation of interest on normative working capital is considered equal to the J&K Bank Advance Rate as on 1st April, 2012. The same shall be reviewed at the time of Annual Performance Review for each year of the Control Period.

Water Usage Charges

3.79 The Objectors submitted that Rs 305.65 Cr has been claimed on account of water usage charges for the control period and again no justifications have been given for such charges. They said that these charges form part of the expenses of the generating companies which further form part of the power generation tariff payable to the generating companies. The Objectors said that there is no justification for claiming such expenditure in the revenue requirements of JKPDD for the control period.

3.80 The Objectors also requested the Commission to disallow prior period expenditure on account of water usage charges as approved in the Tariff Order for FY 2012-13 dated 16th April 2012 as no true- ups are allowed.

Petitioner's Response

3.81 The Petitioner submitted that the water usage charges have been mentioned as a separate item because these charges have been approved separately by the Commission in its Generation Tariff Order for JKSPDC and have to be paid by JKPDD in addition to generation tariff. The Petitioner further said that these charges are also applicable to the NHPC Stations located in J&K but impact of same has not been considered in the current MYT petition as separate details are available for them.

Commission's View

3.82 The Water usage charges are Government levy under Order No. WRRA/01/2011 dated 1st February 2011 passed by the State Water Resource Regulatory Authority, Government of Jammu & Kashmir and has to be paid for all hydro stations.

3.83 However as it is a pass through expense, the Commission has not included it in the Generation tariff for JKSPDC and accordingly allows it in the present petition over and above the generation cost.

Steep Hike proposed in Industrial tariff

3.84 The following table gives the existing and the proposed tariff for the industrial category of consumers:

Table 15: Comparison between existing and proposed tariff for industrial consumers

Category	Tariff Existing		Proposed Tariff		% Increase	
	Demand Charges (Rs/kVA/ month) or (Rs/kW/ month)	Energy Charges (Rs kWh)	Demand Charges (Rs/kVA/ month) or (Rs/kW/ month)	Energy Charges (Rs kWh)	Demand Charges	Energy Charges
LT	43	2.65	49	3.05	20%	20%
HT						
11 kV	127	2.42	152	2.90	20%	20%
33 kV	127	2.35	152	2.82	20%	20%
HT-PIU						
11 kV	180	2.83	216	3.40	20%	20%
33 kV	174	2.77	209	3.32	20%	20%

3.85 Objectors pointed out that the Petitioner has proposed a tariff hike of 20% for the industrial consumers in comparison to proposed tariff hike of 7% only for the domestic consumers. Such disproportionate hike in tariffs is unjustified in view of the fact that the loss levels in the industrial category are substantially lower in comparison to domestic consumers and accordingly the tariff for industrial consumers ought to be lower.

3.86 The Objectors further submitted that the industrial consumers are already cross subsidizing other consumers of JKPDD-D and in line with the proposal for reducing the level of cross subsidies gradually in line with provisions of National Tariff Policy should have proposed lower hike for industrial consumers.

3.87 The Objectors stated that the proposed tariff hike for industrial consumers is harsh, oppressive, unjust and inequitable and any increase in the cost of power will have an adverse impact on the competitiveness of the industries as the cost of production of the industries will also increase. In case such substantial increase in the cost of electricity is allowed, the industries would not be able to survive in the State.

Petitioner's Response

3.88 The Petitioner submitted that notwithstanding the local issues in the state, it has worked a prudent Cost of Supply at the national T&D loss level of 25.27% and has proposed the appropriate hike in existing tariffs to reach the prudent cost of supply only. The unmet deficit will be met through financial support from State Government and is not being charged to the consumers. Further, the Petitioner submitted that the tariff revision proposal has been prepared keeping in view the provisions of National Tariff Policy and it has formed prudent cost of supply (which is considerably lower than actual cost of supply) as basis of proposing hike in tariff.

3.89 Moreover, the Petitioner since 2009-10 onwards has been consistently insisting on keeping the Tariff of HT PIU category at the higher level considering the fact that these industries use the electricity as raw material and lower tariffs result in uneconomic usage of power. However, the Commission has repeatedly turned down the proposal by the Petitioner in previous Tariff Orders on the ground that sudden increase in tariff will lead to tariff shock. The year-wise tariff proposed and subsequently approved by the Commission for HT PIU Industries has been summarized in the following table.

Table 16: Tariff proposed and approved for HT PIU Supply in previous years

Tariff Year	Character of Supply	Existing Tariff (Energy Charges)	Proposed Tariff by JKPDD	Approved Tariff by JKSERC
2007-08	11 kV Supply	1.35	2.00	2.00
	33 kV Supply	1.35	1.95	1.95
2008-09	11 kV Supply	2.00	2.00	2.00
	33 kV Supply	1.95	1.95	1.95
2009-10	11 kV Supply	2.00	5.00	-
	33 kV Supply	1.95	4.90	-
2010-11	11 kV Supply	2.00	5.35	2.20
	33 kV Supply	1.95	5.15	2.15
2011-12	11 kV Supply	2.20	4.20	2.53
	33 kV Supply	2.15	4.10	2.47
2012-13	11 kV Supply	2.53	3.15/4.65	2.83
	33 kV Supply	2.47	3.05/4.55	2.77

3.90 Further, the Petitioner said that it has proposed a nominal hike of 20% only in all industrial categories and even after the proposed hike, the tariff of these categories would remain below the estimated prudent average Cost of supply at Rs. 6.36/kWh.

Commission's View

3.91 The Commission has noted the views expressed by various consumers and their representatives as well as submission made by the Petitioner and shall endeavor to avoid any steep tariff hikes causing tariff shock to consumers.

Power Factor Discount/kVAh Tariff

3.92 The Objectors requested the Commission to grant rebate for consumers having Power Factor (PF) above 0.95 as per the practice followed in other states. The Objectors further submitted that it will be a shock to the industry if kVAh tariff is implemented and pleaded the Commission to provide sufficient time to industry in order to prepare themselves for the requisite infrastructure required for it.

Petitioner's Response

3.93 The Petitioner said that the rationale behind introduction of kVAh tariff is to encourage consumers to initiate on their own, the steps to improve their Power Factor (PF). The kWh and kVAh tariffs are currently proposed to be introduced in energy charges only and are proposed to be kept at par with each other so that at unity power factor there is no disparity in the charges paid by the consumers in the same category for same consumption.

Commission's View

3.94 The Commission feels that as the requisite infrastructure for metering at kVAh based tariffs is not available, the introduction of kVAh based tariffs would not have the likely impact of improving the power factor. Accordingly, the Commission for the time being pends the Petitioner's proposal for levy of kVAh based tariff for proposed classes of consumers. Further it directs the Petitioner to make efforts in setting up of the requisite infrastructure for metering and billing on kVAh basis in future.

Re-Categorization of Consumer Category

3.95 The Objectors stated that one of the important aspects of rationalization of tariff is to reduce the number of categories of consumers and have uniformity in the tariff to larger groups instead of creating sub-categories. Many of the states are moving towards creating single category for each broad based nature of consumption like agriculture, domestic, industry, commercial and public works. After creation of such broad categories for the purpose of tariff design, the specific differentiation are recognized through well recognized aspects such as power factor, load factor, voltage level etc. The Objectors submitted that there is absolutely no reason whatsoever for creating a separate category for industrial units with connected load less than or equal to 20kW as distinguished from industrial units with connected load more than 20kW. They said that such a differentiation is inconsistent with the decision of the Commission in the Retail Tariff Order for the year 2012-13, in which one of the directions given was the reorganization of the consumer categories. Moreover, the Petitioner has not given any justification of creating such new category of industrial consumers and for differential tariff for both the so created categories of industrial consumers.

3.96 The Objectors said that the Commission in its Retail Tariff Order for FY 2012-13 had directed the Petitioner for rationalization of consumer categories and to undertake re-classification of consumer categories in J&K based on national/State level power data in consultation with CEA for the purpose of rationalization of consumer categories.

Petitioner's Response

3.97 JKPDD requested the Commission to take independent view in this regard.

Commission's View

3.98 The Commission feels that the Petitioner had proposed the creation of separate slab for consumers having connected load greater than 20 kW for introduction of kVAh based energy charges for such categories. However, as the Commission finds that the Petitioner and consumers in the State are not ready for kVAh based billing, the proposed re-categorization of consumer categories into that having load greater than 20 kW is also kept pending for the time being.

Un-metered Consumption

3.99 The Objectors questioned the figures put in petition by the Petitioner regarding the total number of consumers. They submitted that as per the Census Report there are over 21 lakh households in the State that are electrified but in the petition this figure is not above 14 lakh. The Objectors also suggested that instead of delaying the registration of the identified unregistered consumers till the end of the MYT Control period, JKPDD should register all of them in FY 2013-14 itself.

3.100 The Objectors further pointed out that the attitude of the Utility towards metering of unauthorized connections has been very negligent. Year on year the Utility proposes to achieve 100% metering but the promises are never fulfilled. Further the Objectors pointed out that no details of those consumers who have illegal connections and who do not pay anything to the Utility have been provided.

Petitioner's Response

3.101 JKPDD submitted that it is making sincere efforts in registering the consumers who use electricity but don't pay and given the practical difficulties, it may take a little longer to get all these unauthorised consumers registered.

Commission's View

3.102 The Commission in the Business Plan Order for JKPDD-D for the entire MYT control period from FY 2013-14 to FY 2015-16 dated 22nd March 2013 has taken the following view for the approval of un-metered consumption. The relevant portions of the above-mentioned order have been reproduced below:

"3.13 In case of un-metered consumption, the J&K Electricity Act 2010 mandated supply of electricity to all consumers through correct meters only and that the power supply is not legally possible to unmetered consumers beyond April, 2012. The relevant provision of the J&K Electricity Act 2010 has been reproduced below:

"49. Use, etc., of meters.—(1) No licensee shall supply electricity, after the expiry of two years from the commencement of the Act, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Commission:

….

Provided further that the Commission may, by notification, extend the said period of two years for a class or classes of persons or for such area as may be specified in that notification."

3.14 However, JKPDD-D through its petition dated 25th April 2012, citing its inability in accomplishing installation of 100% correct meters at all levels and to all persons by 28th April 2012 (being the cut-off date as per Section 49 (1) of the J&K Electricity Act 2010), requested the Commission to extend the period. The Commission vide its Order dated 26th April 2012 and in exercise of the powers vested in it under the second proviso to Section 49 (1) of the Act extended the period for supply of electricity, beyond the expiry of two years from the commencement of the Act for installation of correct meters upto 30th June, 2013.

3.15 The Commission notes with concern that JKPDD-D has again submitted that it is unable to meet the target date for accomplishing 100% consumer metering citing that the target set out in the Act was too optimistic in view of the actual ground realities and that there exists very large number of un-registered/ un-regularized consumers which affect the efforts of the utility. Further, metering of existing consumers having old/defaulted meters also poses challenges. Accordingly, JKPDD-D has now submitted that metering being a continuous process; it would be able to meter all consumers by end of FY 2015-16 including the identified un-regularized consumers.

3.16 The Commission views that even though there are challenges at ground level in adhering to the deadline as set out in the J&K Electricity Act 2010 and subsequent extension Order issued by the Commission dated 26th April, 2012, the Petitioner has not made sincere efforts in meeting the targets. The Commission notes with serious concern that JKPDD-D had almost three years from the notification of the Act to take steps in metering of unmetered connections but there has not been much progress made by JKPDD-D during this period. Further, even at current stage, there is complete lack of preparedness by JKPDD-D. Even though there are only three months left for the expiry of the abovementioned deadline of 30th June 2013, the licensee has not prepared any comprehensive workable plan for metering of remaining 11.63 lakhs un-metered consumers which should include identification of province-wise/ circle-wise un-metered consumers, procurement of necessary meters/equipments, phasing of installation, timelines, actual estimate for cost of metering, financing plan, monitoring plan etc. Moreover, the Petitioner in its proposed metering plan has not considered the provisions as laid down in Section 49 (1) of the Act and the directives issued by the Commission in this context which states that no new connections can be released except through installation of a correct meter by the Petitioner; and the proposed metering plan considers first conversion of un-regularized/ un-registered consumers into flat rate consumers (un-metered) consumers and then proposes to meter them by end of the MYT Control period.

3.17 In view of the above, the Commission feels that any further extension alone is not going to be sufficient for successful implementation of the metering plan. It has become mandatory that licensee develops a comprehensive metering plan for completion by end of FY 2015-16 and get it approved by the State Government with an undertaking of the support of GoJK on compliance of the relevant provisos of the Act by the Licensee.

3.18 Till such time, the Commission for the purposes of the approval of sales/load growth for the MYT Control period has been considered as per the metering plan as submitted by Licensee. However, the same is subject to the grant of approval of a comprehensive metering plan with province-wise/circle-wise metering plan along with investment requirement, financing and procurement plan in line with the relevant provisions of the Act from the State Government. Further, in order to take approval of the Commission, the Petitioner should submit the State Government approved metering plan to the Commission before the completion of existing deadline i.e. by 30th June 2013. Alternatively, Section 49 (1) of the Act maybe got suitably amended extending the deadline of 100% metering upto the end of the first MYT Control period.

3.19 In case the above conditions are not complied within the stipulated time period, the Commission shall disallow the investment plan for metering as well as all sales to unmetered consumers and shall also direct the licensee to immediately comply with the provision of Section 49 (1) of the J&K Electricity Act, 2010 and the Commission's Order dated 26th April 2012 which states that "No licensee shall supply electricity, after the expiry of two years from the commencement of the Act, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Commission".

3.20 The Commission also directs that no further delay in metering would be admitted beyond the MYT control period and that any such delay would invite penal action against the Petitioner, and would call for suitable action from the Commission under the provisions of the Act and the relevant Regulations of the J&KSERC (Multi Year Tariff Distribution) Regulations, 2012."

3.103 Accordingly, the Commission has considered provisionally approved consumption for un-metered consumers as per the Business Plan Order dated 22nd March 2013.

Tourism Industry

3.104 The Objectors submitted that tourism industry is the backbone of economy of valley. It employs more than 3.5 lakh persons directly and more than 15 lakh persons indirectly. There are currently more than 7 lakh people who are unemployed in the State and the Government has no resources to give them employment. The Objectors said that tourism industry has immense potential to grow and provide remedy to all these problems but it should be allowed to sustain.

3.105 The Objectors pointed out that such industry faces erratic power supply during the peak seasons. Further, the occupancy in hotels is only for 120 days out of total 365 days in a year and hence they should be charged rationally. The Objectors submitted that currently hotels are charged as per commercial rates and have to pay tariff of Rs 6.85 per unit. They demanded that dedicated lines for tourism industry be developed and hotels should be charged as per tariff for small scale industries.

Petitioner's Response

3.106 Petitioner noted the proposal made by the Objectors of dedicated lines for tourism industry and submitted that some initiatives have been taken in this direction. Further, the Petitioner maintained that tariffs are one of the lowest in the country.

Commission's View

3.107 With regard to the issue of having a dedicated distribution infrastructure for tourism industry, the Commission directs the Petitioner to undertake the requisite steps. Further, the Commission observed that no sooner the establishments including hotels fulfill the criteria prescribed for applicability of tariff rates as per LT Industry, these are to be charged as per the tariff schedule prescribed for each concerned establishments such as hotels, etc.

Printing Industry

3.108 The Objector submitted that the printing industry should not be charged as per the non domestic commercial category and rather be classified under industrial category for tariff determination.

Petitioner's Response

3.109 JKPDD acknowledged that any industry coming under the Factories Act is charged as per tariffs for industrial category and further submitted that corresponding consumers on showing their registration certificates can get their printing industries converted to industrial category.

Commission's View

3.110 The Commission accepts the submission made by the Petitioner.

Compliance to directives issued by the Commission

3.111 The Objectors raised the point of non-compliance of the directives issued by the Commission in its past Tariff Orders by the Petitioner. The Commission has issued detailed directives with timelines for submission of reports on the issues of metering, T&D infrastructure, and revenue and billing processes etc. However, the Petitioner has not made any significant progress on any of the directives given and has not submitted the requisite reports as directed.

Petitioner's Response

3.112 The petitioner stated that it has already submitted the current progress of Compliance of directives with the Tariff Proposal. It also stated that in spite of many odds, they were able to increase the accruals (revenue recoveries), bring down outages, improved service & performance indices, although a lot still is required to be done.

Commission's View

3.113 The Commission has received the compliance of directives from the Petitioner and has given its views regarding the same in **'Section A15: Directives'** of this Order.

A4: APPROACH TO MULTI YEAR TARIFF

4.1 Section 55 of the J&K Electricity Act, 2010 (hereinafter referred as "Act") empowers the Jammu & Kashmir State Electricity Regulatory Commission (hereinafter referred as "Commission") to determine the terms and conditions for determination of tariff. Further, it also lists down certain guiding principles which have to be considered while determining the terms and conditions of tariff. One of the key guiding factors is to adopt:

"Multi Year Tariff principles (MYT) and other principles that reward efficiency in performance"

4.2 Further, Clause 8.1 of the National Tariff Policy states that the implementation of the MYT framework should bring in reduction in risk for utility and consumers, promote efficiency, attract investments, and bring greater predictability in consumer tariffs. This framework should be applicable for both private and public utilities. Further, it also states that first control period should have flexibility to incorporate any change during the control period.

4.3 Based on the above mentioned principles, the Commission notified the *'J&KSERC (Multi Year Distribution Tariff) Regulations, 2012'* on 6th September 2012. In these Regulations, the Commission has laid down the principles and framework for MYT Regulation for the distribution utility in the State for the first Control period beginning FY 2013-14 to FY 2015-16.

4.4 In this section, we briefly outline the concept and benefits from adoption of MYT framework in general and the salient features of the MYT framework as per the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 in particular.

Concept of MYT

4.5 Multi Year Tariffs (MYT) or Long Term Tariff principles gives indication to the licensee (and also to others) of the principles governing the tariffs in the State. It unambiguously lays down the tariff methodologies, which can be understood by all, and gives a fair idea of future path. In this way, all stakeholders are made aware of the outcome of various actions / events for the defined future time period (which is also known as control period), and are able to make their plans accordingly. In simple words, the rules of the game are agreed up-front.

4.6 The objective of the MYT framework is to control costs and bring in efficiency in the power sector of the State. There are several cost elements that form the Aggregate Revenue Requirement (ARR) for a licensee which includes operating costs (employee costs, repair and maintenance costs, administration and general expenses, power purchase costs, depreciation), financing costs (interest costs) and expected returns (return on equity, etc) for each year of the Control period. Under the MYT framework, these cost elements are segregated into two categories viz. Controllable costs and Non-Controllable costs.

4.7 In general, distribution and collection losses (also known as AT&C losses), network cost, financing cost are considered as controllable cost factors. These cost factors are assumed to be under licensee's control and shall be incentivised or penalized for any positive or negative variations. The targets will be set by the Commission for all controllable factors. Also, the trajectory for various variables will be stipulated by the Commission where the performance of the utility is sought to be improved upon through incentive and penalty framework. There will be no true-up of controllable items during the Control period except on account of force majeure events.

4.8 Some costs such as power purchase costs, fuel expenses, inflation, interest rates and inputs such as sales, etc are uncontrollable in nature i.e. are outside licensee's direct control. The variation on account of uncontrollable parameters shall be treated as a pass-through subject to approval and validation by the Commission.

4.9 Based on above, a MYT Framework can be defined as a framework where the ARR is approved for more than one year subject to the truing up of the certain important uncontrollable deviations in the cost elements of the ARR after the actual audited figures for each financial year are made available.

4.10 The Commission would like to clarify here that it is not possible to set the tariff for future years given that the changes in the input cost of tariff which are un-controllable in nature such as power purchase costs, fuel costs, wages and salaries, material costs etc as well as input variables such as sales cannot be estimated accurately. **Hence the retail tariffs are set only for the first year of the Control period in this Tariff Order.** The retail tariff for subsequent years of the Control period will be determined along with the Annual Performance Review (APR) Petition for that year after taking into account the effect of changes in un-controllable parameters.

4.11 Even though the retail tariffs would be set annually, the MYT regime gives an idea to various stakeholder, about how a change in the various input factors, may affect the tariff in future years. In a way it sets a definite guideline for tariff determination in future years. Moreover, besides disciplining the utility it will pave the way for developing accurate and reliable database.

Benefits of MYT Framework

4.12 An effective implementation of MYT Framework can benefit both the licensees and the consumers:

(a) It provides clarity about the principles that would be applied for tariff fixation for future years and thus facilitates the utilities to plan their finances and operations. This should ideally translate to improvement in quality of supply and customer service over the control period.

(b) The incentive and penalty system encourages the utilities to bring in more efficiency in their system and thereby leads to improvement in the quality of their supply and services.

(c) Successful implementation of the MYT framework would result in cost effective tariffs and improvement in quality of supply and services.

Salient features of MYT Framework as per J&KSERC (Multi Year Distribution Tariff) Regulations, 2012

4.13 The Commission shall determine the tariff for distribution business under a Multi-Year Tariff framework from the financial year 2013-14 onwards.

4.14 The Multi-Year Tariff framework shall be based on the following elements, for calculation of Aggregate Revenue Requirement (ARR) and expected revenue from tariff and charges for Distribution Business:

(a) The first MYT Control period will be of 3 years (FY 2013-14 to FY 2015-16).

(b) A detailed Business Plan based on the Operational Norms and trajectories of performance parameters specified in the MYT Regulations, for each year of the Control Period, shall be submitted by the applicant for the Commission's approval.

(c) Based on the Business Plan as approved by the Commission by order, the licensee would submit the forecast for ARR and expected revenue from existing tariff and charges for each year of the MYT Control period.

(d) The Commission after detailed scrutiny of each element shall approve the ARR for each year of the Control period.

(e) As mentioned earlier, the tariff for each year of the Control period would be determined at the beginning of each year. Accordingly in this Tariff Order, the Commission has approved the Retail tariffs for FY 2013-14 based on the approved business plan and ARR for FY 2013-14 and its approach to cost coverage as spelt out in next section of this Order.

(f) The "uncontrollable factors" shall comprise the following factors which were beyond the control of, and could not be mitigated by the applicant:

– Force Majeure events such as acts of war, fire, natural calamities, etc;
– Change in law;
– Taxes and Duties;
– Variation in sales; and
– Variation in the cost of power generation and/or power purchase

Any approved gain or loss arising out of variation on account of uncontrollable factors would be completely pass-through in tariff in the second year of the MYT control period i.e. FY 2014-15.

(g) The "controllable factors" shall comprise the following factors which were within the control of the applicant:

– System availability;
– T&D losses, collection efficiency and AT&C losses;
– Operation and maintenance costs;
– Capital expenditure;
– Return on equity, depreciation and working capital requirements; and
– Quality of supply parameters;

Any approved gain or loss arising out of variation on account of AT&C losses being controllable factor would be shared between beneficiaries and licensee in ratio of 1:2, respectively through adjustment in tariff in the second year of the MYT control period i.e. FY 2014-15.

(h) Annual Review of Performance and True up: The ARR as approved under the MYT Framework for the entire MYT Control period shall be subject to an annual review of performance and True Up during the Control Period. The Licensee shall submit the Annual Performance Review Report as part of annual review on actual performance as per the timelines specified to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including the latest available audited/actual accounts and the tariff worked out for subsequent years of the Control period.

A5: APPROACH TO COST COVERAGE FOR FIXATION OF RETAIL TARIFFS FOR FY 2013-14

5.1 The regulatory tariff regime was introduced by the Commission in its first ARR & Tariff Order for FY 2007-08 for the JKPDD. The Commission on the basis of the information submitted by JKPDD had approved costs and tariffs for FY 2007-08. Subsequently, the Commission approved the ARR & Tariff Order for FY 2008-09 based on the petition submitted by JKPDD. Though JKPDD had not proposed any tariff increases in the petition for FY 2008-09, the Commission approved the ARR based on its prudence check and brought in certain changes in the tariff structure without changing the rates.

5.2 However in the Tariff Orders for FY 2011-12 & FY 2012-13, the Commission had changed the approach related to tariff setting, from earlier year's approach, primarily due to the dismal performance observed in operations of the Petitioner at improving the efficiency levels (T&D losses). The Commission, at the time of issue of the Tariff Order for FY 2008-09, had expected that the Petitioner would gradually move towards financial viability due to improvements in the performance and additional resource would be generated based on tariff structure and rate changes allowed by the Commission. In view of this, several directives were issued in the tariff orders for achieving this objective. However, contrary to the expectations of the Commission, efficiency levels have deteriorated and the revenue gap has alarmingly increased over the years.

5.3 The Commission has decided to continue with the same approach while approving the retail tariffs for FY 2013-14 as was adopted in previous Tariff Orders for FY 2011-12 and FY 2012-13. The approach has been outlined in subsequent sub-sections.

Revenue deficit

5.4 At the proposed revenue realization based on existing tariffs, the Petitioner has proposed revenue gap of Rs.3,506.08 Cr, Rs.3,582.72 Cr and Rs.3,736.67 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

5.5 The following table provides a snapshot of actual and projected revenue gap for FY 2011-12 to FY 2015-16 as submitted by the Petitioner.

Table 17: Snapshot of JKPDD Proposed ARR and Revenue Gap (Rs Cr)

Particular	2011-12 (A)	2012-13 (R.E.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
A. Revenue					
Rev. Demand (at existing tariff)	1354.21	1601.51	1743.28	1943.62	2084.95
Collection efficiency	90%	95%	96%	97%	98%
Rev. Realization [A]	1218.79	1,521.43	1,673.55	1,885.31	2,043.25
B. Expenditure					
Power Purchase Cost	3,673.41	3,822.40	3,764.13	3,927.88	4,096.59
Water usage charges	-	305.65	305.65	305.65	305.65

Particular	2011-12 (A)	2012-13 (R.E.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Transmission charges	119.49	171.77	203.14	243.88	295.03
O&M Cost	472.15	518.07	553.21	590.77	630.89
Depreciation	80.83	179.60	204.19	238.30	276.05
Interest & Finance Charges	14.37	14.97	11.20	13.91	15.41
Interest on working capital	0.00	0.00	144.26	153.25	163.08
Gross ARR	**4,359.87**	**5,013.85**	**5,193.72**	**5,482.83**	**5,795.46**
Add: Return on Equity	0.00	0.00	0.00	0.00	0.00
Less: Non-tariff income	13.22	13.42	14.09	14.80	15.54
Net ARR [B]	**4,346.65**	**5,000.43**	**5,179.63**	**5,468.03**	**5,779.92**
Unmet Revenue Gap [B-A]	**3,127.86**	**3,479.00**	**3,506.08**	**3,582.72**	**3,736.67**

T&D Loss

5.6 The combined Transmission & Distribution losses were approved at 46.7% for FY 2007-08 considering a reduction of 4% from the levels in FY 2006-07 as per the Abraham Committee report. However, the Petitioner failed to achieve that target in FY 2007-08 and has shown dismal performance in all the subsequent years. Notably, Petitioner changed its methodology for projecting energy sales post FY 2006-07, because of which the actual combined T&D losses were observed to be around 60%, much higher than the approved losses for FY 2006-07.

5.7 Further, the Commission noted with concern that the Petitioner has repeatedly failed to achieve the target for loss as set out by the Commission in its previous Tariff Orders. The actual T&D losses submitted are higher than that proposed by the Petitioner itself in previous Tariff Orders. A summary of proposed T&D loss, approved T&D loss and the actual loss submitted by JKPDD-D during past three years has been summarized in following table:

Table 18: T&D loss Targets vs. Actual (in %)

Description	Proposed by Petitioner in Tariff Petition	Approved by Commission in Tariff Order	Actual submitted by Petitioner
FY 2010-11	58.98	57.79	60.55
FY 2011-12	59.72	55.99	58.16 *
FY 2012-13	52.82	46.76	57.37 **

Note: * Based on actual transmission loss of 4.05% and distribution loss of 56.40% for FY 2011-12 as submitted in the present petition; ** Based on re-estimated transmission loss of 4.30% and distribution loss of 55.46% for FY 2012-13 as submitted in the present petition

Performance measures introduced

5.8 The Commission has introduced a performance measure of 'Revenue Realization per Unit of Energy Input (RREI)' to track financial improvements achieved by JKPDD. RREI is cash collected divided by energy fed into the system at the distribution interface. The performance of the Petitioner on this measure of RREI from FY 2009-

10 to FY 2015-16, as submitted by the Petitioner, is detailed in the following table.

Table 19: Revenue Realization per unit of energy input (Proposed)

Description	2009-10 (A)	2010-11 (A)	2011-12 (A)	2012-13 (RE)	2013-14 (Proj)	2014-15 (Proj)	2015-16 (Proj)
Energy Input (MU)	10,102	10,290	10,718	11,071	11,443	11,506	11,580
Revenue realization (Rs. Cr.)	702	801	1,218.79	1,521.43	1,673.55	1,885.31	2,043.25
Revenue realization per unit of Energy Input (RREI) (Rs./ Unit)	**0.69**	**0.78**	**1.14**	**1.37**	**1.46**	**1.64**	**1.76**

5.9 RREI is seen to have improved in the FY 2010-11 due to the implementation of 100% metering in the LT Industrial category and the impact of tariff revision during FY 2010-11, which improved even further in FY 2011-12 and FY 2012-13. The lower RREI prior to FY 2010-11 can be attributed to laxity in metering consumers. Further RREI is projected to improve substantially during the MYT control period.

Financial viability in FY 2013-14

5.10 It is a matter of great concern to the Commission that the T&D losses in the State of Jammu & Kashmir continue to be at unacceptably high levels. It is regretfully noted that the T&D losses in the State of Jammu & Kashmir continue to be amongst the highest in the country.

5.11 The Commission is of the opinion that financial viability of the Petitioner can be achieved by adopting a two pronged strategy.

(a) Improvement in efficiency levels and reducing existing level of T&D losses and improving collection:

(i) Extent of distribution losses proposed by JKPDD-D at 55.5% (corresponding to T&D loss level of 57.37%) for FY 2012-13 and 50% (corresponding to T&D loss level of 52.12%) for FY 2013-14 is not acceptable and cannot be allowed to be passed on to the honest and paying consumers;

(ii) In addition to the T&D loss levels, JKPDD-D is not able to recover the amount that is being billed to the consumers - the collection efficiency in FY 2013-14 is proposed at 96%. The Commission in its Business Plan Order for the entire MYT Period from FY 2013-14 to FY 2015-16 for JKPDD-D dated 22nd March 2013 has approved collection efficiency on account of energy sold (excluding recovery of past arrears) for FY 2013-14 to be 96%. However, the Commission noted that there are huge arrear recoveries every year (pertaining to bills raised in past years) which get accounted for while calculating collection efficiency for a year and hence collection efficiency (including arrears) is considered to be atleast 100%.

(b) Tariff rate change gradually without burdening the consumer on account of utility's inefficiencies and to avoid tariff shocks:

(i) The tariff levels need to be reflective of prudent costs which include cost of power purchase and cost of distribution. The cost of distribution is necessary for maintaining, upgrading and expanding the distribution networks.

(ii) As per the petition submitted, the average tariff for FY 2013-14, at the existing level of tariffs, works out to Rs. 3.05/ kWh which is around 67.7% of the average cost of supply at actual losses ($ACOS_{AL}$) assessed at Rs. 9.45/ kWh for the year.

(c) It is felt that, in order to achieve financial viability in the power distribution segment, the average tariff should gradually match the average cost of supply at prudent loss levels. However, the existing level of cost of supply reflects existing losses in the State which are at unacceptably high levels and cannot be passed on to tariff entirely.

5.12 Given the existing scenario of high T&D loss in the state, the Commission has adopted a two-phase approach to cost coverage and tariff determination.

Approach to cost coverage

5.13 The Commission has observed serious anomalies/inconsistencies in the data and information being submitted by the Petitioner and hence decided in the interest of establishment of regulatory discipline, to conduct a prudence check of the information submitted in the Petition. Thus, only the approved value against each item, after due prudence check, has been allowed while determining the ARR for the entire MYT Control Period. The Commission had adopted the following strategy for attaining the financial viability of the power distribution business in the State:

(a) **Phase 1:** Commission will approve a minimum average tariff at the Average Cost of Supply at Zero Losses ($ACOS_{ZL}$). Any increase in the $ACOS_{ZL}$ on a year-on-year basis shall be passed on in the retail tariffs by the Commission.

(b) **Phase 2:** The Commission will gradually allow increase in average tariff over and above the $ACOS_{ZL}$ levels to reach the Average Cost of Supply at Prudent Losses ($ACOS_{PL}$) level. The Commission may link such allowance of losses in the retail tariff to the actual reduction in T&D/AT&C losses achieved by the Petitioner.

(c) The Commission will not allow true-ups between approved and actual cost and revenue to be reflected in the consumer tariffs till the average tariffs reflect $ACOS_{PL}$. Any benefits arising from the true ups will be adjusted in revising the tariff rates from $ACOS_{ZL}$ to $ACOS_{PL}$.

5.14 **Average Cost of Supply at Zero Loss ($ACOS_{ZL}$):** The Commission has calculated the $ACOS_{ZL}$ by dividing the overall ARR of the utility by the quantum (units) of power purchased for any financial year.

5.15 **Average Cost of Supply at Prudent Loss ($ACOS_{PL}$):** The Commission has calculated the $ACOS_{PL}$ by dividing the overall ARR of the utility by the quantum (units) of energy that would have been billed corresponding to the prudent level of T&D losses.

5.16 **Prudent level of T&D losses:** The Commission has considered T&D losses of 23.97% as the prudent level of T&D losses (the average T&D loss at the national level as per the Central Electricity Authority). The Commission feels that fixing the prudent T&D loss level at 15% (in line with the Abraham Committee Report targets) will be unrealistic as the current T&D loss in the state is above 50%. Moreover, only a few states in the country have actually been able to achieve this target level of 15% loss. As such, the Commission has decided to consider an average value of T&D loss across all states in the country as the prudent level.

5.17 With regard to the above mentioned approach, the following points need to be highlighted:

(a) If it is assumed that energy billed is equal to energy purchased with no system losses, then the cost of power purchase per unit energy input for FY 2013-14 is estimated at Rs. 3.46/ kWh and the distribution cost per unit of energy input is Rs. 0.51/ kWh. So the average cost of supply at zero losses ($ACOS_{ZL}$) considering existing level of prudent distribution costs and zero T&D losses is Rs. 3.97/ kWh.

(b) At the same time, it is felt that the T&D losses being an inherent part of distribution business, in the existing scenario a loss level of 23.97% (the prudent level) should be allowed to be passed in the tariff. Subsequent impact of reduction in T&D losses can be allowed to the benefit of the consumers. Based on the figures for the FY 2013-14, the average cost of supply at prudent loss ($ACOS_{PL}$) is Rs. 5.22/ kWh.

(c) The Commission is, however, of the opinion that fixation of retail tariffs considering the $ACOS_{PL}$ at 23.97% T&D loss levels at Rs. 5.22/ kWh might lead to a tariff shock to the consumers, especially owing to the existing tariffs in the State which have historically been at lower levels.

A6: REVIEW OF SALES PROJECTIONS & T&D LOSSES

6.1 As per Regulation 5.1 of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012, the licensee has to file Business Plan for the entire control period and shall contain following:

(a) **Capital Investment Plan** for the entire Control Period commensurate with load growth, distribution loss reduction trajectory and quality improvement measures proposed in the Business Plan;

(b) **Sales/Demand Forecast** for each customer category and sub-categories for each year of the Control Period;

(c) **Power Procurement plan** based on the sales forecast and distribution loss trajectory for each year of the Control Period. The power procurement plan should also include energy efficiency and demand side management measures;

(d) A **set of targets** proposed for other controllable items such as distribution losses, collection efficiency, working capital requirement, quality of supply targets, etc. The targets shall be consistent with the capital investment plan proposed by the Licensee;

(e) Business Plan shall also contain the requisite information for the preceding five years.

6.2 Accordingly, the Commission by its Order dated 22nd March 2013 has approved the Business plan for the entire MYT period from FY 2013-14 to FY 2015-16 for JKPDD-D in line with the relevant Regulations mentioned above containing approval for the load/sales growth, loss trajectory, power procurement plan, distribution system strengthening and expected capital investment.

6.3 The following sub-section reproduces the approval for sales and T&D losses as per the Commission's Order dated 22nd March 2013.

Sales projections

Petitioners Submission

6.4 JKPDD-D caters to a diverse consumer mix constituting of domestic, commercial, industrial and agriculture consumers. JKPDD-D submitted that at end of FY 2011-12, the total number of consumers catered by JKPDD-D system was 13,31,956 having a total connected load of 1821.76 MW. In FY 2012-13, the number of consumers and connected load are estimated to be 13,82,604 and 2143.63 MW, respectively. The projections for the MYT Control period for number of consumers and connected load have been made based on the past trend and the proposed metering plan of the existing un-metered consumers in the State.

6.5 As per the J&K Electricity Act, 2010 and Commission's Order dated 26th April, 2012, JKPDD-D had to meter all existing consumers by end of June 2013. However, due to inherent challenges in metering such consumers, JKPDD-D submitted that it would be able to achieve 100% consumer metering by end of the MYT control period i.e. FY 2015-16. Even though it is committed to meter all consumers in the State; it faces several difficulties in doing so such as presence of un-registered consumers, replacement of defective/faulty meters, reluctance on the part of existing un-metered consumers, etc. In order to do so, JKPDD-D submitted that it would prepare a comprehensive province-wise/circle-wise metering plan along with investment requirement and would submit the same to the Commission along with the petition for request of "Extension of Deadline of 100% metering in Jammu & Kashmir beyond June 2013 upto the end of the MYT control period".

6.6 At end of FY 2012-13, estimated number of total un-metered consumers stands at 6,90,822 which are proposed to be metered by end of the MYT control period only (FY 2015-16). In addition, approx. 4,73,034 consumers have been identified as un-registered consumers based on the Census 2011 report which are not reflected in the records of JKPDD-D. These consumers are proposed to be regularized during FY 2013-14 and FY 2014-15 and metered by end of the MYT control period as shown in following table.

Table 20: Target to identify and regularize electrified connections as per Census 2011

Descrip-tion	No. of connections	Electrified %	No. of household Electrified	Opening FY 2013-14	TO BE REGISTERED				
					Overall un-registered connection	Buffer for already Metered/ Non existing Connections	To be finally registered	Target in FY 2013-14	Target in FY 2014-15
Urban	517,168	98.06%	507,141	354,304	152,837	5%	145,195	108,896	36,299
Rural	1,497,920	80.69%	1,208,706	844,440	364,266	10%	327,839	196,703	131,136
Total	**2,015,088**	**85.15%**	**1,715,847**	**1,198,744**	**517,103**	**9%**	**473,034**	**305,599**	**167,435**

6.7 JKPDD-D proposed to meter all the un-metered consumers in the State including un-registered consumers by end of MYT Control period i.e. FY 2015-16. The proposed metering plan by JKPDD-D has been summarized in following table.

Table 21: Proposed Metering Plan (in Nos.)

Description	At Start of Financial Year	Target Conversion from Un-regularized to Regularized	Target Conversion from Unmetered to Metered (In No.)	At End of Financial Year
FY 2013-14	690,822	305,599	230,274	766,147
FY 2014-15	766,147	167,435	374,859	558,723
FY 2015-16	558,723	0	558,723	0

6.8 Based on the proposed metering plan, the projected consumer category-wise number of consumers and connected load for the MYT period as projected by JKPDD-D has been summarized below.

Table 22: Projected Number of Consumers and Connected Load (MW)

Consumer Categories	No. of Consumers			Connected Load (MW)		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Domestic						
Metered	780,340	1,166,534	1,733,904	676	1,050	1,651
Unmetered	716,861	525,866	-	538	438	-
Non-Domestic/ Commercial						
Metered	121,316	141,021	176,432	234	288	371
Unmetered	44,794	29,863	-	39	33	-
Agriculture						
Metered	13,394	15,366	18,689	85	105	142
Unmetered	3,733	2,488	-	46	33	-
State/ Central Govt. Dept.						
Metered	10,012	10,278	10,550	196	212	231
Unmetered	-	-	-	-	-	-
Public Street Lighting						
Metered	103	159	269	5	7	12
Unmetered	153	102	-	6	5	-
LT Industrial						
Metered	19,420	19,781	20,149	247	256	266
Unmetered	-	-	-	-	-	-
HT Industrial						
Metered	698	724	750	281	300	321
Unmetered	-	-	-	-	-	-
HT-PIU Industrial						
Metered	15	15	16	38	38	40
Unmetered	-	-	-	-	-	-
LT Public Water Works						
Metered	1,293	1,601	2,136	44	58	87
Unmetered	606	404	-	33	25	-
HT Public Water Works						
Metered	151	159	167	20	23	26
Unmetered	-	-	-	-	-	-
General Purpose/ Bulk Supply						
Metered	148	167	187	38	41	43
Unmetered	-	-	-	-	-	-
Total	**1,713,037**	**1,914,527**	**1,963,250**	**2,528**	**2,911**	**3,189**

6.9 JKPDD-D estimated the category-wise energy sales for the MYT Period based on Compounded Annual Growth Rate (CAGR) in energy sales in various consumer categories for the past three years (FY 2009-10, FY 2010-11 and FY 2011-12), the growth observed in the first six months of FY 2012-13 and the proposed metering plan of the un-metered consumers. The projected increase in sales during FY 2013-14, FY 2014-15 and FY 2015-16 over the previous year figures is 16%, 13% & 8%, respectively. Consumer category-wise energy sales projected for the MYT period by JKPDD-D has been summarized in the following table.

Table 23: Projected Energy Sales Forecast (in MUs)

Sl. No.	Description	MYT Period		
		2013-14	2014-15	2015-16
1	Domestic			
	- Metered	1,137	1,744	2,768
	- Unmetered	1,003	789	-
2	Non Domestic / Commercial			
	- Metered	453	567	773
	- Unmetered	130	107	-
3	Agriculture			
	- Metered	218	274	379
	- Unmetered	90	71	-
4	State / Central Govt. Department			
	- Metered	534	563	577
	- Unmetered	-	-	-
5	Public Street Lighting			
	- Metered	17	26	45
	- Unmetered	21	16	-
6	LT industrial Supply			
	- Metered	394	420	420
	- Unmetered	-	-	-
7	HT Industrial Supply			
	- Metered	651	710	774
	- Unmetered	-	-	-
8	HT-PIU Industrial Supply			
	- Metered	126	128	129
	- Unmetered	-	-	-
9	LT Public Water Works			
	- Metered	221	242	509
	- Unmetered	226	246	-
10	HT Public Water Works			
	- Metered	102	107	113
	- Unmetered	-	-	-
11	General Purpose / Bulk Supply			
	- Metered	154	162	172
	- Unmetered	-	-	-
	Grand Total	**5,478**	**6,173**	**6,660**

Commissions Analysis

6.10 In case of un-metered consumption, the J&K Electricity Act 2010 mandated supply of electricity to all consumers through correct meters only and that the power supply is not legally possible to unmetered consumers beyond April, 2012. The relevant provision of the J&K Electricity Act 2010 has been reproduced below:

"49. Use, etc., of meters.—(1) No licensee shall supply electricity, after the expiry of two years from the commencement of the Act, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Commission:

….

Provided further that the Commission may, by notification, extend the said period of two years for a class or classes of persons or for such area as may be specified in that notification."

6.11 However, JKPDD-D through its petition dated 25th April 2012, citing its inability in accomplishing installation of 100% correct meters at all levels and to all persons by 28th April 2012 (being the cut-off date as per Section 49 (1) of the J&K Electricity Act 2010), requested the Commission to extend the period. The Commission vide its Order dated 26th April 2012 and in exercise of the powers vested in it under the second proviso to Section 49 (1) of the Act extended the period for supply of electricity, beyond the expiry of two years from the commencement of the Act for installation of correct meters upto 30th June, 2013.

6.12 The Commission notes with concern that JKPDD-D has again submitted that it is unable to meet the target date for accomplishing 100% consumer metering citing that the target set out in the Act was too optimistic in view of the actual ground realities and that there exists very large number of un-registered/ un-regularized consumers which affect the efforts of the utility. Further, metering of existing consumers having old/defaulted meters also poses challenges. Accordingly, JKPDD-D has now submitted that metering being a continuous process; it would be able to meter all consumers by end of FY 2015-16 including the identified un-regularized consumers.

6.13 The Commission views that even though there are challenges at ground level in adhering to the deadline as set out in the J&K Electricity Act 2010 and subsequent extension Order issued by the Commission dated 26th April, 2012; the Petitioner has not made sincere efforts in meeting the targets. The Commission notes with serious concern that JKPDD-D had almost three years from the notification of the Act to take steps in metering of unmetered connections but there has not been much progress made by JKPDD-D during this period. Further, even at current stage, there is complete lack of preparedness by JKPDD-D. Even though there are only three months left in expiry of the abovementioned deadline of 30th June 2013, the licensee has not prepared any comprehensive workable plan for metering of remaining 11.63 lakhs un-metered consumers which should include identification of province-wise/ circle-wise un-metered consumer, procurement of necessary meters/equipments, phasing of installation, timelines, actual estimate for cost of metering, financing plan, monitoring plan etc. Moreover, the Petitioner in its proposed metering plan has not considered the provisions as laid down in Section 49 (1) of the Act and the directives issued by the Commission in this context which states that no new connections can be released except through installation of a correct meter by the Petitioner; and the proposed metering plan considers first conversion of un-regularized/ un-registered consumers into flat rate consumers (un-metered) consumers and then proposes to meter them by end of the MYT Control period.

6.14 In view of the above, the Commission feels that any further extension alone is not going to be sufficient for successful implementation of the metering plan. It has become mandatory that licensee develops a comprehensive metering plan for completion by end of FY 2015-16 and get it approved by the State Government with an undertaking of the support of GoJK on compliance of the relevant provisos of the Act by the Licensee.

6.15 For the time being, the Commission for the purposes of the approval of sales/load growth for the MYT Control period has considered the metering plan submitted by Licensee. However, the same is subject to the grant of approval of a comprehensive metering plan with province-wise/circle-wise metering plan along with investment requirement, financing and procurement plan in line with the relevant provisions of the Act from the State Government. Further, in order to take approval of the Commission, the Petitioner should submit the State Government approved metering plan to the Commission before the end of the existing deadline i.e. by 30th June 2013. Alternatively, Section 49 (1) of the Act maybe got suitably amended extending the deadline of 100% metering upto the end of the first MYT Control period.

6.16 In case the above conditions are not complied within the stipulated time period, the Commission shall disallow the investment plan for metering as well as all sales to unmetered consumers and shall also direct the licensee to immediately comply with the provision of Section 49 (1) of the J&K Electricity Act, 2010 and the Commission's Order dated 26th April 2012 which states that "*No licensee shall supply electricity, after the expiry of two years from the commencement of the Act, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Commission*".

6.17 The Commission also directs that no further delay in metering would be admitted beyond the MYT control period and that any such delay would invite penal action against the Petitioner, and would call for suitable action from the Commission under the provisions of the Act and the relevant Regulations of the J&KSERC (Multi Year Tariff Distribution) Regulations, 2012.

6.18 In case of metered consumption, the Commission has projected the number of consumers, connected load and energy sales for the MYT control period for FY 2013-14 to FY 2015-16 in accordance with the methodology specified as per Regulation 16 of the J&KSERC (Multi Year Tariff Distribution) Regulations, 2012. The compounded annual growth rate (CAGR) of past 3 years (FY 2009-10, FY 2010-11 and FY 2011-12) has been considered after adjusting for any abnormal variation observed in the past trend for projecting category-wise number of consumers, connected load and energy sales. In addition, the conversion of un-metered consumers to metered consumers has been considered as per the metering plan submitted by the Licensee, subject to approval granted by the State Government before 30th June 2013.

6.19 Accordingly, the approved number of consumers, connected load and energy sales for the MYT period have been summarized in the following table:

Table 24: Approved number of Consumers, Connected Load (MW) and Energy sales (MU)

Consumer category	No. of Consumers			Connected Load (MW)			Energy Sales (MU)		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Domestic									
Metered	769055	1140403	1685423	656	863	1439	1055	1494	2731
Unmetered	716861	525865	0	538	438	0	1003	789	0
Non-Domestic/ Commercial									
Metered	118778	137013	170688	216	251	317	416	513	740
Unmetered	44794	29863	0	39	33	0	130	107	0
Agriculture									
Metered	12856	14502	17443	83	102	141	204	265	368
Unmetered	3733	2488	0	46	33	0	90	71	0
State/ Central Govt. Dept.									
Metered	9812	10014	10220	192	205	219	522	538	554
Unmetered	0	0	0	0	0	0	0	0	0
Public Street Lighting									
Metered	93	149	258	4	6	12	15	23	44
Unmetered	153	102	0	6	5	0	21	16	0
LT Industrial									
Metered	19355	19545	19737	245	253	261	378	399	419
Unmetered	0	0	0	0	0	0	0	0	0
HT Industrial									
Metered	695	720	745	298	336	378	647	705	768
Unmetered	0	0	0	0	0	0	0	0	0
HT-PIU Industrial									
Metered	16	17	17	37	37	37	117	123	128
Unmetered	0	0	0	0	0	0	0	0	0
LT Public Water Works									
Metered	1253	1515	1991	38	49	76	184	210	491
Unmetered	606	404	0	33	25	0	226	246	0
HT Public Water Works									
Metered	127	132	136	19	21	23	101	106	112
Unmetered	0	0	0	0	0	0	0	0	0
General Purpose/ Bulk Supply	138	142	146	47	50	52	154	162	172
Total	**1698325**	**1882873**	**1906804**	**2498**	**2705**	**2958**	**5263**	**5767**	**6526**

Losses and Energy Requirement

Petitioners Submission

6.20 The distribution loss levels in the State of J&K are one of the highest in the country. In FY 2011-12, the actual losses are reported to be 56.4% while in FY 2012-13 losses are estimated to come down to 55.5%. During past three years, JKPDD-D through its efforts has managed to bring down losses by more than 3%. However, it is a continuous process and losses would come down gradually. JKPDD-D further submitted that it is making all efforts to reduce distribution losses in the State and has projected that by end of MYT control period it would be able to bring down losses to 40%.

6.21 Some of the key investments proposed by JKPDD-D to reduce distribution losses considerably are:

(a) **R-APDRP schemes:** The main objective of R-APDRP schemes is to bring down T&D losses considerably. Part A of the scheme covers Ring Fencing, Feeder Metering, DT Metering, application of IT and SCADA / DMS in distribution sector. Part B is aimed to strengthen Distribution system in identified areas. The total amount proposed towards R-APDRP schemes is Rs. 3,115.09 Cr out of which Rs. 2,341.49 Cr is expected to be incurred by the end of MYT control period i.e. FY 2015-16.

(b) **Technical intervention projects:** JKPDD-D has initiated various technical intervention projects to strengthen the distribution network, reduce distribution losses and improve collection efficiencies. It includes following:

(i) Installation of 100% consumer meters and effective metering at feeder and DT level to facilitate energy accounting and auditing;

(ii) Computerization of revenue centers, strengthening and upgrading billing and collection system to improve collection efficiency; &

(iii) Strengthening of SLDC.

6.22 Considering the capital investment being proposed and other measures being carried out to reduce distribution losses, distribution loss trajectory as proposed by the Petitioner has been summarized in following table:

Table 25: Projected Distribution loss Trajectory (in %)

Description	2012-13 (Rev. Est.)	MYT Period		
		2013-14	2014-15	2015-16
Distribution Losses	55.5%	50.0%	44.0%	40.0%

Commissions Analysis

6.23 The Commission views that even though the licensee has brought down losses in the last couple of years, the T&D loss in the State is still very high. Further, the Commission noted with concern that JKPDD-D has repeatedly failed to achieve the target for loss reduction as set out by the Commission in its previous Tariff Orders. The actual T&D losses submitted are higher than that proposed by the Petitioner itself in previous Tariff Orders. A summary of proposed T&D loss, approved T&D loss and the actual loss submitted by JKPDD-D during past three years has been summarized in following table:

Table 26: Distribution T&D loss Targets vs. Actual (in %)

Description	Proposed by Petitioner in previous Tariff Petition	Approved by Commission in previous Tariff Order	Actual submitted by Petitioner
FY 2010-11	58.98	57.79	60.55
FY 2011-12	59.72	55.99	58.16 *
FY 2012-13	52.82	46.76	57.37 **

Note: * Based on actual transmission loss of 4.05% and distribution loss of 56.40% for FY 2011-12 as submitted in the present petition; ** Based on re-estimated transmission loss of 4.30% and distribution loss of 55.46% for FY 2012-13 as submitted in the present petition

6.24 As can be seen from above, the utility has been unable to meet the targets set out by the Commission in previous Tariff Orders and also has been unable to achieve the projected loss levels as per its own submission. In case of FY 2012-13, the Commission had set a target for aggregate Transmission & Distribution (T&D) losses of 46.76% for FY 2012-13 in its previous Tariff Order for FY 2012-13 (corresponding to target of distribution loss of 44.5%). However, the re-estimated distribution loss for FY 2012-13 of 55.5% submitted by JKPDD-D itself is substantially higher than the overall T&D loss target set by the Commission.

6.25 The Commission in its previous Tariff Order had set the target for T&D loss of 46.76% for FY 2012-13 after taking into consideration the JKPDD's commitment for metering and implementation of Central Government assisted R-APDRP scheme in the State. The relevant extract of the abovementioned Tariff Order has been summarized below:

"The Commission is of the view that the T&D loss of 52.82% proposed by JKPDD for FY 2012-13 is very high and unacceptable. Hence, considering JKPDD's commitment for 100% metering by the end of FY 2012-13 and implementation of R-APDRP scheme in the state with the Central Government allocation of Rs 1909 Crore under the scheme (as per JKPDD's submissions), the Commission has decided to approve a T&D loss of 46.76% (10% lower than JKPDD's submission of 56.76% for FY 2011-12) for FY 2012-13."

6.26 Further, the Petitioner in its previous Tariff Petition had set itself a target of achieving aggregate T&D loss level of 52.82% in FY 2012-13 (corresponding to distribution loss of approx. 50%). However, the estimated distribution loss for FY 2012-13 is significantly higher than the proposed target by the Petitioner itself.

6.27 In view of above, the Commission directs the JKPDD-D to make serious efforts to achieve the targets set out for reduction in losses and any inefficiency on account of the licensee should not be passed on to the consumers. Thus the Commission approves the same aggregate T&D loss for FY 2012-13 i.e. 46.76% (corresponding to distribution loss of 44.5%) and any additional power purchase to meet the T&D losses over and above the target loss level would be disallowed by the Commission.

6.28 It is pertinent to mention here that the Commission had in its previous Retail Tariff Order for FY 2012-13 discussed the various steps to be taken by the Petitioner in order to reduce the power losses in a separate section (Section A12) under the heading "A Way Forward". It appears that no serious steps have been taken by the Petitioner in this regard as the losses have not come down to the desired level. It is, therefore, reiterated that the Petitioner takes urgent steps as suggested in the relevant section of the previous Tariff Order to bring down T&D losses. The Commission has again in this Order re-iterated "A Way forward" in Section A14: of this Order and directs the utility to undertake proactive measures to bring down the T&D losses.

6.29 In case of distribution loss targets for the MYT period, the Commission feels that in view of the actual position of the losses, the licensee's proposal of reducing the distribution loss to 40% by end of the MYT control period is acceptable. Accordingly, the distribution loss trajectory as approved by the Commission is as under:

Table 27: Approved Loss Trajectory (in %)

Description	2012-13	MYT Period		
		2013-14	2014-15	2015-16
Transmission Losses	4.05% *	4.00% **	4.00% **	4.00% **
Distribution Losses	44.5%	43.0%	41.4%	40.0%
Aggregate T&D Losses	**46.76%**	**45.26%**	**43.76%**	**42.26%**

Note:* In absence of system studies to estimate transmission loss, intra-state transmission loss for FY 2012-13 has been considered at the actual loss level for FY 2011-12; ** For the MYT period, the Commission has considered intra-state transmission loss as per its Order dated 2nd April 2013 for approval of ARR and Tariff for MYT Control Period for JKPDD-Transmission Business.

6.30 Further, the Commission directs the Petitioner to carry out system studies for determination of transmission loss in the system and also conduct feeder-wise energy audit and consumer indexing for estimating the base T&D loss level. Subsequently, the Petitioner should identify feeders with high loss levels and develop a holistic loss reduction plan for reducing distribution losses on such feeders. The Commission directs the Petitioner to submit a report in this regard within 6 months of issue of the Business Plan Order dated 22nd March 2013.

6.31 Based on its projected energy sales and loss trajectory, the energy requirement for the MYT period as submitted by the Petitioner and as approved by the Commission has been summarized in following table.

Table 28: Energy Requirement (in MU) for the MYT Period

Particulars	2013-14		2014-15		2015-16	
	Prop. by JKPDD	App. by Commission	Prop. by JKPDD	App. by Commission	Prop. by JKPDD	App. by Commission
Energy Sales	5,478	5,263	6,173	5,767	6,660	6,526
Add: Distribution Loss (%)	50%	43%	44%	41%	40%	40%
Energy Reqd. @ Trans-Dist. interface	**10,957**	**9,230**	**11,023**	**9,844**	**11,099**	**10,851**
Add: Intra-state Transmission Loss (%)	4.25%	4.00%	4.20%	4.00%	4.15%	4.00%
Energy Reqd. @ State Periphery	**11,443**	**9,614**	**11,506**	**10,254**	**11,580**	**11,303**

A7: REVIEW OF POWER PURCHASE

7.1 Power purchase expense is the single largest component in the ARR, which is approximately 80% of the total revenue requirement for a year. Hence, it is imperative that this element of cost is estimated with utmost care and prudence. The Commission has exercised due caution in estimating power purchase cost of JKPDD-D.

Power Purchase Quantum

7.2 The Commission by its Order dated 22nd March 2013 for approval of Business Plan for JKPDD-D for the entire MYT period from FY 2013-14 to FY 2015-16 has granted approval for the power purchase quantum in line with the approval for load/sales growth, loss trajectory, distribution system strengthening and expected capital investment.

7.3 The following sub-sections elucidate the basis of the approval for power purchase quantum as per the Commission's Order dated 22nd March 2013.

Petitioner's Submission

7.4 JKPDD-D submitted that the energy requirement for the state is met from the following sources:

(a) Power Purchase from JKSPDC

(b) Power Purchase from CPSUs (including free power from select stations)

(c) Power Purchase from other sources (including UI/ bilateral sources/ banking arrangements, etc)

7.5 JKPDD-D estimated the energy available from own and JKSPDC stations during FY 2012-13 on the basis of actual generation from state-owned stations during the first six months period ending 30th September 2012. Further, for the MYT control period, JKPDD-D has assumed that energy available from JKSPDC would be same as that estimated for FY 2012-13. The station-wise energy availability projected from JKSPDC stations for the MYT control period has been summarized in the following table.

Table 29: Projected availability from JKSPDC Stations and Own Generation (in MUs)

S. No.	Source	Plant Capacity (MW)	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
A)	**JKPDD's Own generation (Diesel)**	23.41	23.76	23.76	23.76	23.76
B)	**JKSPDC's Generation - Thermal**					
1	Kalakote	0.00	0.00	0.00	0.00	0.00
2	Gas Turbine-I	75.00	5.43	5.43	5.43	5.43
3	Gas Turbine-II	100.00	0.00	0.00	0.00	0.00
	Sub-Total	**175.00**	**5.43**	**5.43**	**5.43**	**5.43**

S. No.	Source	Plant Capacity (MW)	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
C)	**JKSPDC's Generation – Hydel**					
1	LJHP	105.00	515.44	515.44	515.44	515.44
2	USHP-I	22.60	83.20	83.20	83.20	83.20
3	USHP-II	105.00	303.69	303.69	303.69	303.69
4	Ganderbal	15.00	18.91	18.91	18.91	18.91
5	Chenani-I	23.30	89.99	89.99	89.99	89.99
6	Chenani-II	2.00	7.31	7.31	7.31	7.31
7	Chenani-III	7.50	21.74	21.74	21.74	21.74
8	Sewa-III	9.00	12.03	12.03	12.03	12.03
9	Karnah	2.00	3.46	3.46	3.46	3.46
10	Sumoor	0.10	0.12	0.12	0.12	0.12
11	Bazgo	0.30	0.67	0.67	0.67	0.67
12	Hunder	0.40	0.78	0.78	0.78	0.78
13	Iqbal Bridge	3.75	7.13	7.13	7.13	7.13
14	Sanjak	1.26	0.08	0.08	0.08	0.08
15	Badherwah	1.00	1.37	1.37	1.37	1.37
16	Pahalgam	3.00	8.17	8.17	8.17	8.17
17	Haftal	1.00	1.45	1.45	1.45	1.45
18	Marpachoo	0.75	0.89	0.89	0.89	0.89
19	Igo-Mercellong	3.00	8.79	8.79	8.79	8.79
20	Stakna	4.00	3.13	3.13	3.13	3.13
21	Matchil	0.35	0.00	0.00	0.00	0.00
	Sub-Total	**306.31**	**1088.31**	**1088.31**	**1088.31**	**1088.31**
D)	**Baglihar**	**450.00**	**1428.54**	**1428.54**	**1428.54**	**1428.54**
	Grand Total (A+B+C+D)	**958.72**	**2546.03**	**2546.03**	**2546.03**	**2546.03**

7.6 Other than own generation and power available from JKSPDC, the JKPDD-D sources power mainly from CPSUs such as NTPC, NHPC and other hydro power projects. JKPDD-D also has share in power from SJVNL, THDC, TALA (through PTC), KWHEP (through PTC) and NPCIL Plants (i.e. NAPS & RAPP). The projected energy availability from CPSUs for MYT control period has been summarized in the following table.

Table 30: Projected availability from CPSUs Stations (in MUs)

S. No.	Source	Plant Capacity (MW)	JKPDD Share	2012-13 (Estd.) MU	2013-14 (Proj.) MU	2014-15 (Proj.) MU	2015-16 (Proj.) MU
A	**NTPC**						
1	Anta(G)	419	9.14%	248.10	227.01	227.01	227.01
2	Anta(L)						
3	Auriaya(G)	663	8.17%	315.97	327.80	327.8	327.80
4	Auriaya(L)						

S. No.	Source	Plant Capacity (MW)	JKPDD Share	2012-13 (Estd.) MU	2013-14 (Proj.) MU	2014-15 (Proj.) MU	2015-16 (Proj.) MU
5	Dadri(G)	830	7.79%	454.12	404.03	404.0	404.03
6	Dadri(L)						
7	Unchahar-I	420	3.90%	120.99	117.52	117.52	117.52
8	Unchahar-II	420	8.95%	267.25	269.69	269.69	269.69
9	Unchahar-III	210	7.97%	125.74	120.08	120.08	120.08
10	Rihand-I	1000	8.80%	560.46	631.35	631.35	631.35
11	Rihand-II	1000	11.21%	847.01	804.25	804.25	804.25
12	Singrauli	2000	1.81%	209.29	256.83	256.83	256.83
13	Farraka	1600	0.85%	86.98	84.56	84.56	84.56
14	Talcher	1000	0.00%	0.00	0.00	0.00	0.00
15	Kahalgaon-I	840	3.69%	192.51	197.67	197.67	197.67
16	Kahalgaon-II	1500	5.56%	484.76	565.11	565.11	565.11
17	NCTP- Dadri II	980	1.81%	105.57	127.26	127.26	127.26
18	Rihand – III	500	8.37%	0.00	300.25	300.25	300.25
19	Meija – 6	250	7.06%	0.00	119.59	119.59	119.59
A	**Sub-Total (1-19)**	**13632**		**4023.41**	**4553.01**	**4553.01**	**4553.01**
B	NTPC JV						
	Indira Gandhi STPS (Jhajjar)	1000	1.12%	4.67	75.89	75.89	75.89
B	**Sub-Total (NTPC-JV)**	**1000**		**4.67**	**75.89**	**75.89**	**75.89**
C	**NHPC**						
1	Salal	690.00	22.39%	731.32	674.92	674.92	674.92
	Free power		12.00%	393.60	361.73	361.73	361.73
2	Tanakpur	94.00	7.68%	28.53	33.92	33.92	33.92
3	Chamera-I	540.00	3.90%	95.68	83.01	83.01	83.01
4	Chamera-II	300.00	8.98%	116.06	131.49	131.49	131.49
5	Chamera-III		9.11%	89.83	96.83	96.83	96.83
6	Uri	480.00	21.96%	631.15	554.56	554.56	554.56
	Free power		12.00%	346.87	303.04	303.04	303.04
7	Dulhasti	390.00	11.36%	225.18	248.38	248.38	248.38
	Free power		12.00%	259.36	262.37	262.37	262.37
8	Dauhaliganga	280.00	8.28%	83.23	91.70	91.70	91.70
9	Sewa II	120.00	9.38%	37.03	43.84	43.84	43.84
	Free Power		12.00%	61.44	56.08	56.08	56.08
10	Chutak	44.00	72.00%	0.00	151.52	151.52	151.52
	Free Power		12.00%	0.00	25.25	25.25	25.25
D	**Sub-Total - NHPC-Hydro Power**	**2938**		**3099.28**	**3118.65**	**3118.65**	**3118.65**
1	SJVNL (Nathpa Jakri)	1500.00	8.47%	547.63	572.52	572.52	572.52
2	THDC	1000.00	6.26%	176.25	156.11	156.11	156.11
3	THDC KOTESHWAR	400.00	5.98%	58.74	68.24	68.24	68.24
4	PTC (Tala)	1020.00	1.77%	58.65	60.69	60.69	60.69
5	PTC (BHEP)			78.03	84.68	84.68	84.68

S. No.	Source	Plant Capacity (MW)	JKPDD Share	2012-13 (Estd.) MU	2013-14 (Proj.) MU	2014-15 (Proj.) MU	2015-16 (Proj.) MU
6	PTC (KWHEP)			67.15	67.15	67.15	67.15
E	**Others**	**3920**		**986.43**	**1009.39**	**1009.39**	**1009.39**
1	NAPs	440.00	9.64%	177.56	162.19	162.19	162.19
2	RAPP 3 & 4	440.00	7.95%	249.03	178.34	178.34	178.34
3	RAPP 5	220.00	11.52%	231.99	118.44	118.44	118.44
	Rebate				**458.97**	**458.97**	**458.97**
	Sub-Total (12-13)	**1100**		**658.57**	162.19	162.19	162.19
	Total (A+B+C+D+E)			**8767.69**	**9215.90**	**9215.90**	**9215.90**

7.7 Apart from JKSPDC and share in power from CPSUs, JKPDD-D has also entered into banking arrangements with the neighboring states and has banked certain quantum of surplus energy available in the summer/monsoon months. Actual Net Banking has been assumed as zero for the MYT period as per the approach followed by the Commission in the past. Further during FY 2012-13, the Petitioner has made net purchases of 152 MU from UI mechanism, while no availability has been projected from UI for the MYT period. JKPDD-D has proposed to meet the gap in the energy availability as per the Energy Balance from purchase of power from other short term sources. The energy availability from other sources has been summarized below.

Table 31: Projected availability from Other Sources (in MUs)

S. No.	Source	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
1	Additional Tie-up from New Sources	0	96	159	233
2	Net UI/Power Purchased from ST Purchases/ Banking	152	0	0	0
	Total	**152**	**96**	**159**	**233**

7.8 Further the Petitioner has also considered inter-state transmission losses as 415 MU for each year of the MYT Control period. Based on the availability of power from different sources and the inter-state transmission losses, total power procurement being planned during MYT period to meet the energy requirement as proposed by the Petitioner has been summarized in the following table.

Table 32: Total Power Procurement Planned (in MUs)

Energy Procurement/Availability	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Power purchase from own sources & JKSPDC	2,546	2,546	2,546	2,546
Power purchase from CPSUs	8,768	9,216	9,216	9,216
(Less) : Interstate Transmission Loss	*(395)*	*(415)*	*(415)*	*(415)*
Additional Tie-up from New Sources	0	96	159	233
UI/Power Purchased from ST Purchases	152	0	0	0
Total Energy Available	**11,071**	**11,443**	**11,506**	**11,580**

Commissions Analysis

7.9 As mentioned in the Petitioner's submission, JKPDD-D sources power from own sources, state owned generating company namely JKSPDC, allocated/ unallocated share in CPSUs, banking arrangement, short term purchase through UI, and any other source.

7.10 In order to project the energy availability from JKSPDC stations, the Commission verified the actual net energy generated and sent out during FY 2012-13 as per the submission made by the JKSPDC. Accordingly, the Commission approves net energy available from JKSPDC to be 2541 MU for FY 2012-13 and the same is considered for the MYT period.

7.11 The energy availability from CPSU's stations including NTPC, NHPC, NPCIL, PTC, etc has been estimated on the basis of long term allocated share to JKPDD-D from these stations along with proportion of un-allocated share available during past two years. The average availability from these stations has been worked out, which is then used to estimate the future availability during the MYT period. Accordingly, the Commission approves energy available from CPSUs to be 9028 MU for MYT period from FY 2013-14 to FY 2015-16.

7.12 The Commission has not projected any power availability from short term sources or banking arrangement for the MYT control period, but has considered power purchase from renewable energy sources for meeting the Renewable Purchase Obligation (RPO) by the Petitioner in accordance with the J&KSERC (Renewable Power Purchase Obligation, its Compliance and REC Framework implementation) Regulations, 2011 and J&KSERC Notification No. JKSERC/27 dated 5th March 2013. As per the above mentioned Notification, the RPO target for the MYT Period have been summarized in the following table:

Table 33: Renewable Purchase Obligation (RPO) for MYT period (in %)

Description	2013-14	2014-15	2015-16
RPO Target as per Notification No. JKSERC/27 dated 5th March 2013			
Solar	0.25%	0.75%	1.50%
Non-Solar	4.75%	5.25%	6.00%
Total	**5.00%**	**6.00%**	**7.50%**

Note: RPO in MUs is estimated as a percentage of total energy requirement based on above mentioned targets.

7.13 The Commission estimated the power available from renewable energy sources during the MYT period on the basis of the RPO targets as summarized in Table 33 above and approved energy requirement as summarized in Table 28 of this Order.

7.14 The target for power purchase from renewable sources works out to be 481 MU, 615 MU and 848 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. Out of this, the solar RPO works out to 24 MU, 77 MU and 170 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively and non-solar RPO works out to 457 MU, 538 MU and 678 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. The solar RPO has to be met either through power purchase from solar energy generator or purchase of solar Renewable energy certificates (RECs) available in the power exchange. While non-solar RPO can be met through purchase of non-solar power (including already tied up power from small hydro stations of JKSPDC having installed capacity < 25 MW) and purchase of non-solar RECs. Projected power available from JKSPDC's small hydro stations during FY 2013-14, FY 2014-15 and FY 2015-16 is 272 MU per annum. Hence the requirement of non-solar power/ RECs to meet non-solar RPO works out to 184 MU, 266 MU and 406 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. Accordingly, the Commission approves net energy available from solar & non-solar sources (other than already tied up power from small hydro stations of JKSPDC) to 208 MU, 343 MU and 575 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.15 Further, as stated above in Para 6.27, the Commission has disallowed additional power purchase over and above the target loss level by the licensee during the MYT period. The disallowed units of power purchase works out to be 1804 MU, 1275 MU and 419 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. However, this is subject to true up based on actual data of energy sales and power purchased quantum to be submitted by the Petitioner along with Annual Performance Review (APR) and Tariff Petition for FY 2014-15.

7.16 Based on the above analysis and considering inter-state transmission losses at 3.60% for the entire MYT Control Period, the approved energy availability from all sources of power for the MYT control period has been summarized in the following table.

Table 34: Approved energy available (in MUs)

Sl. No.	Particulars	2013-14	2014-15	2015-16
A	**JKPDD - Own Station (Diesel)**	24	24	24
B	**JKSPDC – Thermal**			
1	Kalakote	0	0	0
2	Gas Turbine-I	5	5	5
3	Gas Turbine-II	0	0	0
	Sub-Total (B)	**5**	**5**	**5**
C	**JKSPDC – Hydel**			
1	LJHP	495	495	495
2	USHP-I	87	87	87
3	USHP-II	312	312	312
4	Ganderbal	19	19	19
5	Chenani-I	85	85	85
6	Chenani-II	7	7	7
7	Chenani-III	23	23	23
8	Sewa-III	12	12	12

9	Karnah	3	3	3
10	Sumoor	0	0	0
11	Bazgo	1	1	1
12	Hunder	1	1	1
13	Iqbal Bridge	7	7	7
14	Sanjak	3	3	3
15	Badherwah	2	2	2
16	Pahalgam	9	9	9
17	Haftal	2	2	2
18	Marpachoo	1	1	1
19	Igo-Mercellong	11	11	11
20	Stakna	3	3	3
21	Matchil	0	0	0
	Sub-Total (C)	**1083**	**1083**	**1083**
D	**Baglihar**	**1429**	**1429**	**1429**
	Total State owned generation (A+B+C+D)	**2541**	**2541**	**2541**
E	**NTPC**			
1	Anta	130	130	130
2	Auriaya	327	327	327
3	Dadri	400	400	400
4	Unchahar-I	122	122	122
5	Unchahar-II	280	280	280
6	Unchahar-III	122	122	122
7	Rihand-I	660	660	660
8	Rihand-II	825	825	825
9	Singrauli	291	291	291
10	Farraka	87	87	87
11	Talcher	0	0	0
12	Kahalgaon-I	198	198	198
13	Kahalgaon-II	562	562	562
14	NCTP- Dadri II	187	187	187
15	Rihand - III	0	0	0
16	Mejia – 6	122	122	122
17	Indira Gandhi STPS (Jhajjar)	34	34	34
	Sub-Total (E)	**4346**	**4346**	**4346**
F	**NHPC**			
1	Salal	674	674	674
	Free power	362	362	362
2	Tanakpur	33	33	33
3	Chamera-I	83	83	83
4	Chamera-II	132	132	132
5	Chamera-III	0	0	0
6	Uri	555	555	555
	Free power	303	303	303
7	Dulhasti	505	505	505

	Free power	262	262	262
8	Dauhaliganga	91	91	91
9	Sewa II	101	101	101
	Free Power	56	56	56
10	Chutak	0	0	0
	Free Power	0	0	0
	Sub-Total (F)	**3156**	**3156**	**3156**
G	**NPCIL**			
1	NAPs	161	161	161
2	RAPP 3 & 4	178	178	178
3	RAPP 5	238	238	238
	Sub-Total (G)	**577**	**577**	**577**
H	**Others**			
1	SJVNL (Nathpa Jakri)	572	572	572
2	THDC	155	155	155
3	THDC KOTESHWAR	0	0	0
4	PTC (Tala)	70	70	70
5	PTC (BHEP)	85	85	85
6	PTC (KWHEP)	67	67	67
	Sub-Total (H)	**949**	**949**	**949**
	Total - Outside State sources (E+F+G+H)	**9028**	**9028**	**9028**
I	**Renewable purchase obligation**	**208**	**343**	**575**
J	**UI (+)/ UI (-)**	**0**	**0**	**0**
K	**Banking**	**0**	**0**	**0**
L	**Power traded (disallowed)**	**-1804**	**-1275**	**-419**
	Gross Energy Availability	**9973**	**10637**	**11725**
	Less: Inter-state Transmission Loss @ 3.6%	359	383	422
	Net Energy Availability	**9614**	**10254**	**11303**

7.17 Further, the Commission noted that as no consumer in the State is getting supply for 24 X 7 hours, it clearly points that the Petitioner is resorting to unscheduled load shedding and as such the Petitioner's plan for power procurement is made on basis of curtailed supply hours. Many objectors during the public hearings have also made representation to the Commission with respect to this issue. They have pointed out that the Petitioner resorts to load shedding without making public any schedule for doing so and such unscheduled curtailment should not be resorted to.

7.18 In view of above issue, the Commission directs the Petitioner to make the details of load shedding available in public domain in advance and also submit to the Commission a Load Generation Balance Report (LGBR) on power procurement planning based on actual hours of supply made to consumers.

Power Purchase Cost

Power Purchase from JKSPDC

Petitioner's Submission

7.19 The Petitioner has considered the approved unit tariff for FY 2012-13 as the base for projecting the cost for the Control Period. This per unit rate has been further escalated by 3% per annum to determine the power purchase cost from JKSPDC's stations during the MYT control period. Accordingly, the cost of power purchase from JKSPDC stations has been estimated at Rs. 617.06 Cr for FY 2012-13 and Rs.631.18 Cr, Rs.650.12 Cr and Rs.669.62 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.20 The station-wise power purchase cost estimated for FY 2012-13 and projected for MYT Control Period as submitted by the Petitioner is summarized in the following table.

Table 35 : Proposed Cost of Power Purchase from JKSPDC

	2012-13 (R.E.)		2013-14 (Proj.)		2014-15 (Proj.)		2015-16 (Proj.)	
Station	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)
Diesel *	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Thermal								
Gas Turbine-I	12.88	23.74	13.27	24.45	13.66	25.18	14.07	25.94
Gas Turbine-II	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	**12.88**	**23.74**	**13.27**	**24.45**	**13.66**	**25.18**	**14.07**	**25.94**
Hydel								
LJHP	33.82	0.66	34.83	0.68	35.88	0.70	36.95	0.72
USHP-I	4.55	0.55	6.00	0.72	6.18	0.74	6.36	0.76
USHP-II	32.71	1.08	30.97	1.02	31.90	1.05	32.85	1.08
Ganderbal	0.57	0.30	0.97	0.52	1.00	0.53	1.03	0.55
Chenani-I	6.41	0.71	7.51	0.83	7.73	0.86	7.97	0.89
Chenani-II	0.70	0.95	0.77	1.05	0.79	1.08	0.81	1.11
Chenani-III	3.91	1.80	3.49	1.61	3.60	1.66	3.71	1.70
Sewa-III	2.98	2.47	2.68	2.22	2.76	2.29	2.84	2.36
Karnah	0.60	1.74	1.04	3.00	1.07	3.09	1.10	3.18
Sumoor	0.04	3.00	0.04	3.46	0.04	3.56	0.04	3.67
Bazgo	0.15	2.22	0.22	3.36	0.23	3.46	0.24	3.56
Hunder	0.17	2.14	0.21	2.66	0.21	2.74	0.22	2.82
Iqbal Bridge	1.00	1.40	1.34	1.88	1.38	1.94	1.43	2.00
Sanjak	0.04	0.00	0.04	0.00	0.05	0.00	0.05	0.00
Badherwah	0.22	1.64	0.23	1.66	0.23	1.71	0.24	1.76
Pahalgam	4.62	5.66	4.72	5.78	4.86	5.95	5.01	6.13
Haftal	0.72	4.96	0.73	5.05	0.75	5.20	0.78	5.35
Marpachoo	0.45	5.05	0.46	5.20	0.48	5.36	0.49	5.52

Station	2012-13 (R.E.)		2013-14 (Proj.)		2014-15 (Proj.)		2015-16 (Proj.)	
	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)
Igo-Mercellong	4.30	4.89	4.40	5.01	4.53	5.16	4.67	5.31
Stakna	0.61	1.93	0.79	2.52	0.81	2.60	0.84	2.68
Matchil	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	**98.55**	**0.91**	**101.44**	**0.93**	**104.49**	**0.96**	**107.62**	**0.99**
Baglihar	505.63	3.54	516.46	3.62	531.95	3.72	547.91	3.84
Total	**617.06**	**2.42**	**631.18**	**2.48**	**650.12**	**2.55**	**669.62**	**2.63**

Note: * Diesel plant being operated by JKPDD-D itself, hence cost has been included in O&M cost for JKPDD-D and not shown separately as fuel cost.

Commission's Analysis

7.21 In previous Tariff Order for FY 2012-13 dated 16th April 2012, the Commission had approved the cost of power purchase from JKSPDC stations to be Rs.615.09 Cr including Rs.598.91 Cr on account of station-wise cost and Rs.16.18 Cr to be recovered through supplementary bills on account of differential O&M expenses and interest on working capital pertaining to FY 2011-12. This amount did not include the water usage charges of Rs. 305.65 Cr on account of State Government levy for hydro stations. The Petitioner has now submitted the cost of power purchase from JKSPDC stations to be Rs.617.06 Cr for FY 2012-13 excluding the water usage charges. However, as true up for past years is not allowed by the Commission, the Commission approves the power purchase cost from JKSPDC stations at Rs.615.09 Cr only for FY 2012-13 including power purchase cost of Rs.598.91 Cr at an average rate of Rs.2.15 per unit and Rs.16.18 Cr as amount to be recovered through supplementary bills.

7.22 In case of FY 2013-14, the Commission has approved the cost of power purchased from JKSPDC stations on basis of approved energy quantum from JKSPDC stations in its Order dated 22nd March 2013 for approval of Business Plan for JKPDD-D and applicable station-wise generation tariff for JKSPDC approved for FY 2013-14 vide its Generation Tariff Order dated 28th March 2013. Thus the cost of power purchase excluding the water usage charges for FY 2013-14 works out to be Rs.504.80 Cr. Further, to estimate the cost of power purchase from JKSPDC stations for FY 2014-15 and FY 2015-16, the Commission has escalated the power purchase cost for FY 2013-14 by 3% p.a. and accordingly has approved Rs.519.95 Cr and Rs.535.54 Cr for FY 2014-15 and FY 2015-16, respectively.

7.23 Further, the establishment/administrative expenditure of stations owned by JKPDD-D is included in overall operation and maintenance cost of the JKPDD-D and no separate cost of fuel is to be assumed in expenditure for JKPDD-D's own stations.

7.24 The table below gives the approved per unit cost of power and total cost of power purchase from JKSPDC stations for FY 2012-13 and the MYT Control period.

Table 36: Approved Cost of Power Purchase from JKSPDC (Rs Cr)

Station	2012-13 (Approved in previous Tariff Order)		2013-14 (Approved by Commission)		2014-15 (Approved by Commission)		2015-16 (Approved by Commission)	
	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)
Diesel *	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Thermal								
Kalakote	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gas Turbine-I **	23.90	17.03	0.00	0.00	0.00	0.00	0.00	0.00
Gas Turbine-II **	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hydel								
LJHP	27.18	0.59	29.99	0.61	30.89	0.62	31.81	0.64
USHP-I	2.32	0.32	5.22	0.60	5.37	0.62	5.53	0.63
USHP-II	51.18	1.40	25.82	0.83	26.59	0.85	27.39	0.88
Ganderbal	0.16	0.11	0.78	0.42	0.81	0.43	0.83	0.44
Chenani-I	4.36	0.56	6.01	0.71	6.19	0.73	6.37	0.75
Chenani-II	1.03	1.40	0.67	0.94	0.69	0.97	0.71	1.00
Chenani-III	2.91	2.14	3.22	1.37	3.32	1.42	3.42	1.46
Sewa-III	3.78	2.89	2.35	1.94	2.42	2.00	2.49	2.06
Karnah	0.15	1.01	0.99	2.90	1.02	2.98	1.05	3.07
Sumoor	0.02	1.32	0.03	3.32	0.03	3.42	0.04	3.53
Bazgo	0.07	1.69	0.18	3.18	0.19	3.28	0.20	3.38
Hunder	0.12	1.37	0.18	2.51	0.19	2.58	0.19	2.66
Iqbal Bridge	0.83	0.99	1.29	1.77	1.33	1.82	1.37	1.88
Sanjak	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Badherwah	0.00	0.00	0.24	1.46	0.24	1.50	0.25	1.55
Pahalgam	5.70	5.89	4.59	5.20	4.73	5.36	4.87	5.52
Haftal	0.84	5.09	0.71	4.54	0.73	4.68	0.76	4.82
Marpachoo	0.54	5.25	0.41	4.69	0.42	4.83	0.43	4.98
Igo-Mercellong	6.67	4.97	4.88	4.51	5.03	4.65	5.18	4.79
Stakna	2.24	2.45	0.13	0.40	0.14	0.41	0.14	0.42
Matchil	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Baglihar	438.03	3.51	417.10	2.92	429.62	3.01	442.50	3.10
Total	**598.91**	**2.15**	**504.80**	**1.99**	**519.95**	**2.05**	**535.54**	**2.11**

Note: * Diesel plant being operated by JKPDD-D itself, hence cost has been included in O&M cost for JKPDD-D and not shown separately as fuel cost.
** The Commission in its Generation Tariff Order for JKSPDC dated 28th March 2013 specified that as long as the gas stations are not operational on commercial basis, the O&M cost of the stations which are run on emergent or disaster management basis are to be borne by the state government, hence no cost has been considered for these stations.

Water Usage Charges

Petitioner's Submission

7.25 In the Tariff Order for Generation Tariff for JKSPDC passed on 4th April, 2012, the Commission had approved the reimbursement of water usage charges payable by JKSPDC and recovered from JKPDD in FY 2012-13 in view of Order No. WRRA/01/2011 dated 1st February 2011 passed by the State Water Resource Regulatory Authority, Government of Jammu & Kashmir.

7.26 JKSPDC, in its petition, had proposed a water-usage charge of Rs.305.65 Cr to be recovered from JKPDD-D for FY 2012-13, and for the MYT period FY 2013-14, FY 2014-15 and FY 2015-16, same has been proposed to be pass through in ARR for the MYT control period.

Commission's Analysis

7.27 The Commission vide its Order dated 28th March 2013 approved the reimbursement of water usage charges payable by the Petitioner in FY 2013-14 in the light of the order passed by the State Water Resource Regulatory Authority, Government of Jammu & Kashmir.

7.28 Accordingly, the Commission approves Rs.305.65 Cr as pass through expense on account of water usage charges for FY 2013-14. Further, for FY 2014-15 and FY 2015-16, the Commission has approved the water usage charges same as that approved for FY 2013-14 in line with the proposal made by the Petitioner.

Cost of power purchased from CPSUs & Others

Petitioner's Submission

7.29 The Petitioner has estimated the cost of power purchase from CPSUs for FY 2012-13 based on the amounts billed for fixed charges, variable charges, fuel price adjustment and other Charges) and energy received during the first six-months of FY 2012-13. The per unit cost so estimated has then been applied on the total power available from these plants during FY 2012-13 to arrive at power purchase cost for the whole FY 2012-13.

7.30 The per unit charges considered by the Petitioner for FY 2012-13 for the CPSUs stations has been summarized below:

Table 37: Proposed Per unit cost of power purchase from CPSUs for FY 2012-13 (in Rs/unit)

S. No.	Source	Fixed Cost Rs./Unit	Variable Cost Rs./Unit	Other Cost Rs./Unit	Total Cost Rs./ Unit
A	**NTPC Stations**				
1	Anta(G)	0.74	3.85	0.52	5.11
2	Anta(L)				
3	Auriaya(G)	0.63	4.83	0.33	5.79

S. No.	Source	Fixed Cost Rs./Unit	Variable Cost Rs./Unit	Other Cost Rs./Unit	Total Cost Rs./ Unit
4	Auriya (L)				
5	Dadri(G)	0.59	4.19	0.40	5.17
6	Dadri (L)				
7	Unchahar-I	0.86	2.26	0.87	3.99
8	Unchahar-II	1.01	2.28	0.45	3.73
9	Unchahar-III	1.32	2.27	0.29	3.88
10	Rihand-I	0.79	1.26	0.46	2.51
11	Rihand-II	0.88	1.27	0.10	2.25
12	Singrauli	0.52	1.16	0.19	1.87
13	Farraka	0.77	2.98	0.24	3.99
14	Kahalgaon-I	0.95	2.51	0.59	4.04
15	Kahalgaon-II	1.27	2.37	-0.10	3.53
16	NCTP- Dadri II	1.55	2.71	0.02	4.28
B)	**NHPC Stations**				
1	Salal				1.00
	Free power				0.00
2	Tanakpur				2.56
3	Chamera-I				1.53
4	Chamera-II				3.76
5	Chamera-III				4.84
6	Uri				1.93
	Free power				0.00
7	Dulhasti				7.23
	Free power				0.00
8	Dauhaliganga				3.57
9	Sewa II				5.28
	Free Power				0.00
10	Chutak				0.00
	Free Power				0.00
C	**Other Hydro Stations**				
1	SJVNL (Nathpa Jakhri)				2.89
2	THDC				4.98
3	THDC KOTESHWAR				4.44
4	PTC (Tala)				1.99
5	PTC (BHEP)				3.60
6	PTC (KWHEP)				4.52
D	**NPCIL Stations**				
1	NAPs				3.08
2	RAPP 3 & 4				3.29
3	RAPP 5				3.46

7.31 The Petitioner submitted that for projecting the cost of power purchase from NTPC stations for the MYT Control Period, a year-on-year escalation of 5% (in case of gas/liquid based stations escalation of 7%) in variable cost per unit has been considered while no increase has been projected in the fixed costs per unit and other costs. In case of Rihand-III and Meija-6, the average cost per unit has been considered at Rs.4.00/kWh for these stations considering Rs.1.20/kWh for fixed cost and Rs. 2.80/kWh for the variable cost.

7.32 In case of NHPC stations and other hydro stations, the Petitioner submitted that for FY 2013-14 it has retained the total cost per unit at the FY 2012-13 level only and for remaining years of the MYT Control period has escalated the cost per unit by 3% per annum.

7.33 In case of NPCIL stations, the Petitioner has escalated the per unit cost of power by 5% annually to arrive at per unit cost of power purchase for FY 2013-14 to FY 2015-16. Per unit cost of power purchase for FY 2012-13 has been considered as the base.

7.34 The proposed cost of power purchase from CPSUs stations and other stations for FY 2012-13 and the MYT Control period as submitted by the Petitioner has been summarized in following table.

Table 38 : Proposed Power Purchase cost from CPSUs (Rs Cr)

Description	2012-13 (R.E.)	2013-14 (Proj)	2014-15 (Proj)	2015-16 (Proj)
Power Purchase cost from CPSUs	2,526.92	2,825.96	2,951.85	3,078.98
Power purchase quantum (MU)	8,768	9,216	9,216	9,216
Average PPC (Rs/kWh) from CPSUs	**2.88**	**3.07**	**3.20**	**3.34**

Commission's Analysis

7.35 In the Tariff Order for FY 2012-13 dated 16th April 2012, the Commission had approved the total power purchase cost from CPSUs stations as Rs.1,892.90 Cr at an average rate of Rs.2.29 per unit for FY 2012-13. However the Petitioner has now submitted that the estimated power purchase cost from CPSUs for FY 2012-13 is Rs.2,526.92 Cr at an average rate of Rs.2.88 per unit. The re-estimated power purchase cost is more than 33% higher than the approved cost. The Commission further notes, that the State Government in its annual Budget for FY 2013-14 has estimated a different power purchase cost for FY 2012-13. Thus apparently there is ambiguity in actual power purchase costs. This is so because the Petitioner has failed to conduct energy audit based on scientific methods to estimate actual losses. Besides the Petitioner does not maintain proper accounts and also does not provide audited cost data. Thus it is re-iterated here that till the time the Petitioner does not undertake proper energy auditing and maintain proper accounts; true up for previous years would not be allowed by the Commission. Accordingly, for FY 2012-13, the Commission maintains the approved power purchase cost from CPSUs stations at Rs.1,892.90 Cr.

7.36 For the MYT Control period from FY 2013-14 to FY 2015-16, the Commission has adopted the following methodology for estimation of the power purchase cost from existing CPSUs stations:

(a) In case of NTPC stations, the Commission has approved the per unit variable cost (including FPA) for FY 2013-14 based on the approved rates as per the latest Tariff Orders by CERC which are further escalated at 3% per annum to arrive at variable cost per unit for FY 2014-15 and FY 2015-16. The fixed charge for NTPC stations has been based on the Annual Fixed Charges (AFC) approved by CERC in its latest tariff orders. Further, the other charges have been kept at the same level for FY 2012-13.

(b) In case of NHPC stations and other hydel stations, the annual fixed charges have been determined as per the latest Tariff Orders issued by CERC. Accordingly, the fixed charges and the variable charges (per unit) were worked out from the approved Annual Fixed Charges (AFC) in the latest orders, after adjusting for auxiliary consumption and free-energy available to the state. Further, the other charges have been kept at the same level for FY 2012-13.

(c) In case of NPCIL stations, the Commission has estimated the variable cost per unit for FY 2013-14 by escalating the actual variable cost per unit for FY 2012-13 as per the rates approved in latest Tariff Orders by the CERC by 3%. No escalation has been considered for FY 2014-15 and FY 2015-16.

(d) The Commission has computed the total power purchase cost considering fixed cost, variable cost (including FPA) and other charges for each plant taking into account the approved energy availability and share of JKPDD-D in the total capacity in the plant.

7.37 The total power purchase cost computed by the Commission is summarised in the following table:

Table 39: Approved Total Power Purchase Cost from CPSUs (Rs. Cr)

Station	2012-13 (As approved in Previous Tariff Order)		2013-14 (Approved by the Commission)		2014-15 (Approved by the Commission)		2015-16 (Approved by the Commission)	
	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)
NTPC								
Anta	70.81	3.40	68.13	5.22	69.64	5.34	71.19	5.46
Auriaya	104.55	3.31	192.51	5.89	197.25	6.04	202.13	6.19
Dadri	124.81	3.18	214.87	5.37	219.90	5.50	225.08	5.63
Farraka	31.97	3.79	36.36	4.18	37.14	4.27	37.95	4.36
Kahalgaon-I	56.54	3.21	82.06	4.15	83.55	4.23	85.08	4.30
NCTPS (Dadri)	10.90	2.73	64.71	3.47	66.22	3.55	67.78	3.63
Rihand-I	133.35	2.05	166.12	2.52	168.62	2.55	171.19	2.59
Rihand-II	194.13	2.21	188.27	2.28	191.41	2.32	194.65	2.36
Singrauli	44.17	1.84	54.75	1.88	55.77	1.92	56.81	1.95
Unchahar I	32.57	2.71	48.42	3.97	49.24	4.04	50.09	4.11
Unchahar II	77.90	2.81	100.42	3.59	102.33	3.66	104.30	3.73

Station	2012-13 (As approved in Previous Tariff Order)		2013-14 (Approved by the Commission)		2014-15 (Approved by the Commission)		2015-16 (Approved by the Commission)	
	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)	Total Charges (Rs. Cr)	Av. Rate (Rs./Unit)
Unchahar III	40.66	3.30	47.38	3.88	48.21	3.95	49.06	4.02
Kahalgaon-II	165.72	3.43	197.60	3.51	201.59	3.58	205.71	3.66
Dadri Extn. Unit 5 & 6	18.85	4.16	0.00	0.00	0.00	0.00	0.00	0.00
APCL (Unit 1)	18.82	4.83	16.14	4.76	16.14	4.76	16.14	4.76
Mejia - 6	0.00	0.00	35.20	2.89	35.20	2.89	35.20	2.89
Sub-Total	**1,125.74**	**2.76**	**1512.94**	**3.48**	**1542.20**	**3.55**	**1572.35**	**3.62**
NHPC								
Salal	64.70	0.97	86.30	0.99	86.30	1.28	86.30	1.28
Tanakpur	7.32	2.17	8.13	2.58	8.13	2.47	8.13	2.47
Chamera-I	12.15	2.04	14.09	1.56	14.09	1.70	14.09	1.70
Chamera-II	34.54	2.87	44.29	3.69	44.29	3.36	44.29	3.36
Chamera-III	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Uri	83.46	1.49	124.22	1.90	124.22	2.24	124.22	2.24
Dulhasti	117.52	5.90	188.00	7.23	188.00	3.73	188.00	3.73
Dauhaliganga	23.15	2.82	30.08	3.48	30.08	3.31	30.08	3.31
Sewa II	21.82	5.37	46.68	5.13	46.68	4.61	46.68	4.61
Chutak	88.93	5.87	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total	**453.58**	**1.57**	**541.79**	**1.72**	**541.79**	**1.72**	**541.79**	**1.72**
Other Hydro Stations								
SJVNL (Nathpa Jakri)	120.74	2.17	120.69	2.89	120.69	2.11	120.69	2.11
THDC	41.76	2.58	59.19	4.98	59.19	3.83	59.19	3.83
THDC KOTESHWAR	19.41	3.80	0.00	4.44	0.00	0.00	0.00	0.00
PTC (Tala)	11.62	1.85	13.95	1.99	13.95	1.99	13.95	1.99
PTC (BHEP)	0.00	0.00	30.48	3.6	30.48	3.60	30.48	3.60
PTC (KWHEP)	1.32	3.93	30.37	4.52	30.37	4.52	30.37	4.52
Sub-Total	**194.85**	**2.33**	**254.69**	**2.68**	**254.69**	**2.68**	**254.69**	**2.68**
NPCIL								
RAPP 3 & 4	48.14	2.47	62.56	3.51	62.56	3.51	62.56	3.51
RAPP 5	38.19	3.04	78.57	3.30	78.57	3.30	78.57	3.30
NAPs	32.39	2.05	45.04	2.80	45.04	2.80	45.04	2.80
Sub-Total	118.73	2.48	**186.18**	**3.22**	**186.18**	**3.22**	**186.18**	**3.22**
Total - CPSUs	**1892.90**	**2.29**	**2495.60**	**2.76**	**2524.86**	**2.80**	**2555.01**	**2.83**

Cost of Power from UI/Short Term Purchases

Petitioner's Submission

7.38 The Petitioner has submitted that it will tie up from new sources to meet the energy requirement for the MYT control period at an average rate of Rs.3.50 per unit, while no cost has been projected for Banking/UI/other Short term purchases for the MYT Control period.

Table 40: Proposed Power Purchase cost from Short term sources

Description	2012-13 (R.E.)	2013-14 (Proj)	2014-15 (Proj)	2015-16 (Proj)
Cost of power purchase from short-term sources (Rs Cr)	361.30*	28.80	47.70	69.80

Note: * In case of FY 2012-13, the Petitioner has proposed actual power purchase from short-term sources including UI/ NVVN/Others.

Commission's Analysis

7.39 As in the previous Tariff Order for FY 2012-13, the Commission has not approved any power purchase cost from short term sources including Unscheduled Interchange/NVVN/ others for the MYT control period.

Renewable Energy Procurement

7.40 The Petitioner has projected power purchase from renewable energy sources to meet its Renewable Power Obligation in accordance with the J&KSERC (Renewable Power Purchase Obligation, its Compliance and REC framework Implementation) Regulations, 2011. Based on the energy requirement forecast for the Control period, the Petitioner has submitted its RPO obligations and their compliance to be as follows:

Table 41: Proposed Renewable Energy Requirement for the Control Period (MUs)

Renewable Energy Requirement	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Renewable Energy Obligation (MU)				
Solar Power	28	29	29	29
Non-Solar	526	544	547	550
Total RE (MUs)	**554**	**572**	**575**	**579**
RE Available from Mini Hydel Plants	266	266	266	266
Balance to be procured	**288**	**306**	**309**	**313**

7.41 However, the Petitioner has not considered the power purchase quantum and cost for meeting the RPO while projecting its energy availability.

Commission's Analysis

7.42 The Commission notes with concern that even though the J&KSERC (Renewable Power Purchase Obligation, its Compliance and REC framework Implementation) Regulations, 2011 mandated procurement of power from Renewable Energy Sources

(RES), the Petitioner has merely mentioned the units to be procured from RES, while it is not being included for projection of energy availability or power purchase cost.

7.43 However as the purpose of above mentioned regulations is to promote RES, the Commission has projected energy availability and power purchase cost from RES. As mentioned in para 7.14 of this Order, the Commission has projected the power availability from Renewable energy Sources (RES) in accordance with the Renewable Purchase Obligation (RPO) of the Petitioner for the MYT period as specified in the J&KSERC Notification No. JKSERC/27 dated 5th March 2013. Accordingly the net energy available from RES (other than already tied up power from small hydro stations of JKSPDC) is 208 MU, 343 MU and 575 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

7.44 The power purchase cost for meeting solar RPO has been considered at Rs.9.35 per unit as per the CERC Order for solar tariff dated 27th March 2012, while that for non-solar has been considered at Rs.5.00 per unit for the MYT Control period. Accordingly, the approved power purchase cost from renewable energy sources works out to Rs.114.58 Cr, Rs.204.84 Cr and Rs.361.38 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively and has been summarized in the following table.

Table 42: Approved power purchase cost from Renewable Energy Sources

Description	2013-14			2014-15			2015-16		
	Quantum (MU)	Rate (Rs/kWh)	Amt (Rs Cr)	Quantum (MU)	Rate (Rs/kWh)	Amt (Rs Cr)	Quantum (MU)	Rate (Rs/kWh)	Amt (Rs Cr)
Solar sources	24	9.35	22.47	77	9.35	71.91	170	9.35	158.52
Non-solar sources	184	5.00	92.10	266	5.00	132.94	406	5.00	202.85
Total	**208**	**5.50**	**114.58**	**343**	**5.98**	**204.84**	**575**	**6.28**	**361.38**

Disallowance of Power Purchase costs

7.45 In its Order dated 22nd March 2013 for approval of Business Plan for JKPDD-D for the entire MYT control period, the Commission has disallowed additional power purchase units to meet the T&D losses over and above the target loss level by the licensee during the MYT period. The disallowed units of power purchase works out to be 1,804 MU, 1,275 MU and 419 MU for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. However, this is subject to true up based on actual data of energy sales and power purchased quantum to be submitted by the Petitioner along with APR and Tariff Petition for FY 2014-15.

7.46 The cost of power purchase units disallowed has been considered at the approved average power purchase cost from long term sources (JKSPDC, CPSUs and renewable energy) which works out to Rs.2.64 per unit, Rs.2.73 per unit and Rs.2.84 per unit for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. The following table summarizes the cost of power purchase disallowed by the Commission for the MYT control period.

Table 43: Disallowed power purchase cost by the Commission for MYT Control period

Sl. No.	Description	UoM	2013-14	2014-15	2015-16
A	Cost of power purchase from Long term sources (JKSPDC, CPSUs and RES)*	*Rs Cr*	3,115	3,250	3,452
B	Quantum of power purchased from long term sources	*MU*	11,777	11,912	12,144
C	**Average rate of power purchase from long term sources**	***Rs/kWh***	**2.64**	**2.73**	**2.84**
D	Power purchase units disallowed by the Commission	*MU*	1,804	1,275	419
E	**Disallowed Power purchase cost (C * D / 10)**	***Rs Cr***	**477.14**	**347.79**	**119.18**

* Excluding water usage charges.

Transmission Charges

Petitioner's Submission

7.47 Petitioner has submitted inter-state transmission charges as Rs.278.18 Cr for the MYT control period same as the actual estimated charges for FY 2012-13. The intra-state transmission charges have been considered at Rs.203.14 Cr, Rs.243.88 Cr and Rs.295.03 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

Commission's Analysis

7.48 As the proposed inter-state transmission charges are in accordance with the approval granted by the Commission in its previous Tariff Order for FY 2012-13, the Commission approves the inter-state transmission charges as proposed by the Petitioner of Rs.278.18 Cr for the MYT Control period.

7.49 The intra-state transmission charges have been considered as per the ARR approved by the Commission for the transmission business of the Petitioner for the MYT period in its Order dated 2nd April 2013. Accordingly, the approved intra-state transmission charges are Rs.105.33 Cr, Rs.128.11 Cr and Rs.148.18 Cr for FY 2013-14, FY 2014-15 and FY 2015-16, respectively.

Power Purchase Cost from all sources

7.50 The summary of power purchase cost proposed by the Petitioner and approved by the Commission has been presented in the following table.

Table 44: Proposed and Approved Power Purchase Cost from all sources (Rs Cr)

Particulars	2012-13		2013-14		2014-15		2015-16	
	Rev. Est, submitted by Petitioner	Approved in Previous Tariff Order	Proposed by Petitioner	Approved by J&KSERC	Proposed by Petitioner	Approved by J&KSERC	Proposed by Petitioner	Approved by J&KSERC
Power Purchase from JKSPDC *	617.06	615.09	631.18	504.80	650.12	519.95	669.62	535.54
Water usage charges	305.65	305.65	305.65	305.65	305.65	305.65	305.65	305.65

Particulars	2012-13		2013-14		2014-15		2015-16	
	Rev. Est, submitted by Petitioner	Approved in Previous Tariff Order	Proposed by Petitioner	Approved by J&KSERC	Proposed by Petitioner	Approved by J&KSERC	Proposed by Petitioner	Approved by J&KSERC
Power Purchase from CPSUs	2,526.92	1,892.90	2,825.96	2,495.60	2,951.85	2,524.86	3,078.98	2,555.01
UI/Power Purchase from Others	361.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Renewable Purchase Obligation	0.00	0.00	0.00	114.58	0.00	204.84	0.00	361.38
Additional Tie-up from New Sources	0.00	0.00	28.80	0.00	47.70	0.00	69.80	0.00
Power purchase cost disallowed	0.00	0.00	0.00	(477.14)	0.00	(347.79)	0.00	(119.18)
REC + Wheeling charges	39.00	33.61	0.00	0.00	0.00	0.00	0.00	0.00
Inter-state Transmission	278.20	281.73**	278.18	278.18	278.18	278.18	278.18	278.18
Intra-state transmission	171.71	#	203.14	105.33	243.88	128.11	295.03	148.18
Total PPC	**4,299.82**	**3,128.99**	**4,272.92**	**3,327.00**	**4,477.41**	**3,613.80**	**4,697.27**	**4,064.77**
Power purchase quantum (MU)	11,071	10,886	11,443	9,614	11,506	10,254	11,580	11,303
Average PPC (Rs/kWh)	**3.88**	**2.88**	**3.73**	**3.46**	**3.89**	**3.52**	**4.06**	**3.60**

Note: * Excluding water usage charges which are given separately; ** including NRLDC charges; # Approved as part of O&M and other costs as ARR was determined for the JKPDD as whole.

A8: REVIEW OF COSTS

8.1 This section contains the details regarding the various cost items which comprise the Aggregate Revenue Requirement of JKPDD-D for the MYT Control period from FY 2013-14 to FY 2015-16, and the approach followed by the Commission in assessing the same.

8.2 The Commission in this Tariff Order has adopted the approach as per the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012. However, the Commission is constrained by the non-availability of reliable data on various cost components of the ARR. Further, the Commission has also kept in mind the views expressed by the stakeholders during public hearings in approving these costs.

8.3 Further, JKPDD-D being a government department is supported through the budgetary mechanism of the government, i.e. all expenditure and revenue receipts accrue to the state. Any under or over recovery of expenditure by the Petitioner resulting reducing or increasing the revenue gap is ultimately borne by the State Government.

Operation & Maintenance Expenses

Petitioner's Submission

8.4 The Petitioner submitted that the Operation and Maintenance (O&M) expenses comprises of employee expenses, Repair & Maintenance (R&M) expenses and Administrative & General (A&G) expenses and the costs have been projected separately taking into account different escalation factors.

8.5 The actual employee expenses incurred during the year FY 2010-11 and FY 2011-12 pertaining to EM&RE, Jammu, EM&RE Kashmir, P&MM, P&D, TTIC and DCP have been considered as base for projecting employee costs for the MYT control period. For the divisions which are common to Distribution and Transmission utilities, employee expenses have been apportioned on the basis of number of employees being allocated to distribution and transmission businesses. To derive the employee cost for FY 2012-13, the bifurcated employee expenses for FY 2011-12 have been increased by 10%. For the subsequent years, i.e. FY 2013-14 onwards, the Petitioner has considered the growth rate to be 7.0% p.a. The details of employee expense as proposed by JKPDD-D are given in the table below:

Table 45: Employee Expenses as submitted by JKPDD-D (in Rs. Cr)

Description	2010-11 (Actual)	2011-12 (Actual)	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Salaries	308.03	417.25	458.98	491.11	525.49	562.27
Wages	0.00	0.45	0.50	0.53	0.57	0.61
Compensation	0.47	0.56	0.62	0.66	0.71	0.75
Medical Reimbursement	0.84	1.90	2.09	2.24	2.39	2.56
Total	**309.34**	**420.17**	**462.18**	**494.54**	**529.15**	**566.19**

8.6 JKPDD-D has followed similar approach for apportionment for Repairs & Maintenance Expenses and Administrative & General Expenses between the distribution and transmission businesses of the JKPDD. Accordingly, bifurcated A&G and R&M expenses for JKPDD-D have been determined for FY 2010-11 and FY 2011-12. Accordingly, the Petitioner has projected R&M and A&G expenses for FY 2012-13 after considering an increase of 7.5% over the bifurcated R&M and A&G expenses, respectively for JKPDD-D for FY 2011-12. Further, the R&M and A&G expenses for the MYT period have been projected considering an escalation of 5.0% per annum over previous years. The R&M and A&G expenses as submitted by JKPDD-D are detailed in the following tables.

Table 46: Repair & Maintenance Expenses proposed by JKPDD-D (Rs Cr)

Description	2010-11 (Actual)	2011-12 (Actual)	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Maintenance & Repair	23.86	24.16	25.97	27.27	28.63	30.06
Machinery and Equipment	0.74	0.76	0.82	0.86	0.90	0.95
Material & Supplies	2.45	2.57	2.76	2.90	3.04	3.19
Other R&M Expenses	0.69	1.28	1.38	1.44	1.52	1.59
Total	**27.74**	**28.76**	**30.92**	**32.46**	**34.09**	**35.79**

Table 47: Administrative & General Expenses proposed by JKPDD-D (Rs Cr)

Description	2010-11 (Actual)	2011-12 (Actual)	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Outsourcing of upkeep	14.05	17.15	18.44	19.36	20.33	21.35
Electricity Charges	1.44	1.71	1.84	1.93	2.03	2.13
Travelling Expenses	0.42	0.82	0.88	0.92	0.97	1.02
Office Expenses	0.49	0.52	0.56	0.59	0.62	0.65
Professional & SS charges	0.46	0.54	0.58	0.61	0.64	0.67
Telephone	0.22	0.29	0.31	0.32	0.34	0.36
Amarnath Yatra	0.87	1.47	1.58	1.66	1.74	1.83
Stationery & Printing	0.27	0.33	0.35	0.37	0.39	0.40
Rent Rates & Taxes	0.00	0.32	0.34	0.36	0.38	0.40
Other Expenses	0.40	0.08	0.09	0.09	0.10	0.10
Total	**18.62**	**23.22**	**24.97**	**26.21**	**27.53**	**28.90**

8.7 Based on above, the total O&M expenses proposed for FY 2013-14, FY 2014-15 and FY 2015-16 are Rs 553.21 Cr, Rs 590.77 Cr and Rs 630.89 Cr, respectively. The O&M expenses proposed by JKPDD-D for the MYT Control period (FY 2013-14 to FY 2015-16) are summarized in the table below.

Table 48: Operation & Maintenance Expenses proposed by JKPDD-D (Rs Cr)

Description	2010-11 (Actual)	2011-12 (Actual)	2012-13 (Estd.)	2013-14 (Proj.)	2014-15 (Proj.)	2015-16 (Proj.)
Employee Expenses	309.34	420.17	462.18	494.54	529.15	566.19
R&M Expenses	18.62	28.76	30.92	32.46	34.09	35.79
Admin & General Expenses	27.74	23.22	24.97	26.21	27.53	28.90
Total	**355.70**	**472.15**	**518.07**	**553.21**	**590.77**	**630.89**

Commission's Analysis

Segregation of O&M expenses of JKPDD between Transmission & Distribution Business

8.8 During the technical validation sessions, the Commission asked the Petitioner to submit the O&M expenses for JKPDD as a whole for previous years and the basis of segregation of O&M expenses between the transmission and distribution businesses. The Petitioner submitted the total O&M expenses for JKPDD for FY 2010-11 and FY 2011-12 along with the basis of segregation of O&M expenses viz. Employee expenses, R&M expenses and A&G expenses separately for each wing of JKPDD - EM&RE (J), EM&RE (K), S&O (J), S&O (K), P&MM (J&K), C&S (J&K), P&D (J&K) and TTIC (J&K) and for the office of DCP, Fin.org and SERC. The Commission analyzed the submission of the Petitioner and reviewed the basis of segregation of the expenses.

8.9 The Commission observed that the O&M expenses for FY 2011-12 submitted in the tariff petitions for JKPDD-T and JKPDD-D at Rs 85.16 Cr and Rs 472.15 Cr totals to Rs 557.31 Cr which was higher than submitted total O&M expenses of Rs 551.99 Cr of JKPDD for FY 2011-12. A similar discrepancy was noted for O&M expenses for FY 2010-11. The discrepancy was on account of difference in the basis of segregation of expenses of P&D (J&K), TTIC (J&K) and C&S (J&K) Wings as submitted in the tariff petitions of JKPDD-T and JKPDD-D. Further, the Commission observed that the O&M expenses submitted by JKPDD also included the O&M expenses of the SERC.

8.10 While apportioning the O&M expenses for FY 2010-11 and FY 2011-12 between the two utilities, the Commission also found that the total number of employees submitted by the Petitioner was not as per the JKPDD year book for FY 2011-12. The Petitioner had submitted the sanctioned strength instead of existing number of employees. Further, the costs of certain offices like the DCP office and Fin.org were allocated 100% to the transmission business, while that of P&D (J&K) and TTIC (J&K) Wings were allocated only to the distribution business.

8.11 Further, the Petitioner admitted that the employee cost for FY 2011-12 as provided by it included arrears on account of the 6^{th} Pay Commission. The Commission directed the Petitioner to submit the amount of arrears included in the employee cost of FY 2011-12. However, no submission was received from the Petitioner in this regard. The Commission has provisionally considered the amount of arrears to be Rs 42.81 Cr in line with the submission made by the JKPDD (T&D combined) in its tariff petition for FY 2012-13. The same has been reduced from the employee cost for FY 2011-12 for working out the base O&M expenses. The additional expense on account of 6^{th} Pay Commission arrears for FY 2013-14 to FY 2015-16 has been considered separately as detailed in para 8.19 of this Order.

8.12 The Commission has reworked and segregated the total O&M expenses of JKPDD under various wings between the transmission and distribution function after taking into cognizance the aforementioned discrepancies.

8.13 Employee expenses have been divided based upon the ratio of employees between the two businesses. All the expenses pertaining to S&O Wing, Kashmir and S&O Wing, Jammu have been taken under the Transmission function. Whereas those under EM&RE (J) and EM&RE (K) have been taken under the distribution function. For other offices namely P&MM (J&K), C&S (J&K), P&D (J&K) and TTIC (J&K) and for the office of DCP and Fin.org., the expenses have been allocated between the distribution and transmission businesses on the basis of number of employees engaged in the business. No expenses for the SERC have been allocated to the licensed businesses. A&G Expenses have been segregated on the same lines as employee expenses.

8.14 Repair & Maintenance Expenses have been allocated between the transmission and distribution business based upon the GFA (Gross Fixed Assets) values for Distribution and Transmission function as submitted by the Petitioners for FY 2011-12. The opening GFA for FY 2012-13 for distribution and transmission functions has been submitted at Rs. 4744.16 and Rs. 1637.77 Cr, respectively. Thus 74% of the R&M expenses have been allocated to the Distribution business across all wings and offices. No expenses for the SERC have been allocated to the licensed businesses.

8.15 The summary of the O&M expenses allocated to distribution function of JKPDD-D for FY 2010-11 and FY 2011-12 is given in the tables below.

Table 49: Allocation of O&M Expenses to Distribution for FY 2010-11 (Rs Cr)

Particulars	EM & RE (J)	EM &RE (K)	S&O (J)	S&O (K)	P&MM (J&K)	C&S (J&K)	P&D (J&K)	TTIC (J&K)	Fin. org	SERC	DCP	Total
Employee cost	119.59	166.10	-	-	6.72	5.37	1.76	1.09	0.67	-	1.15	302.44
R&M Expenses	8.43	10.29	2.91	1.89	-	1.52	-	0.01	-	-	-	25.04
A&G Expenses	11.21	6.64	-	-	0.13	0.20	0.10	0.04	0.05	-	0.14	18.53
Grand total	**139.23**	**183.03**	**2.91**	**1.89**	**6.85**	**7.09**	**1.86**	**1.14**	**0.72**	**-**	**1.29**	**346.01**

Table 50: Allocation of O&M Expenses to Distribution for FY 2011-12 (Rs Cr)

Particulars	EM & RE (J)	EM &RE (K)	S&O (J)	S&O (K)	P&MM (J&K)	C&S (J&K)	P&D (J&K)	TTIC (J&K)	Fin. org	SERC	DCP	Total
Employee cost	138.92	217.27	-	-	8.11	6.77	2.24	1.34	0.91	-	2.00	377.56
R&M expenses	8.63	11.87	3.82	2.24	0.01	1.11	0.01	0.01	0.00	-	0.02	27.73
A&G Expenses	13.43	8.89	-	-	0.16	0.20	0.06	0.06	0.08	-	0.16	23.03
Grand total	**160.98**	**238.04**	**3.82**	**2.24**	**8.28**	**8.08**	**2.31**	**1.41**	**1.00**	**-**	**2.17**	**428.32**

Approval of O&M expenses for the Control Period (FY 2013-14 to FY 2015-16)

8.16 The O&M expenses for the MYT Control period (FY 2013-14 to FY 2015-16) are approved by the Commission in accordance with Regulation 22 of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012. Accordingly, the Commission has determined separate trajectory of norms for each of the components of O&M expenses viz., Employee cost, R&M expense and A&G expense.

Employee expenses

8.17 As per Regulation 22.1 of the above-mentioned regulations, employee cost for 'n' year (EMP_n) during the MYT period would be determined on the basis of norm for employee cost (EMP_b) escalated by average Consumer Price Index (CPI) inflation rate for immediately preceding three years and includes provisions for one-time costs such as Pay commission arrears, etc. The formula for projection of employee cost is as follows:

$$\mathbf{EMP_n = (EMP_b * CPI\ Inflation\ Rate) + Provisions}$$

Where,
EMP_n = Employee expense for year 'n'
EMP_b = Employee expense as per norm
CPI Inflation = average increase in CPI for immediately preceding three years
Provisions = Provisions for uncontrollable or one-time expenses

8.18 Accordingly, the Commission has fixed the norm for employee cost on the basis of employee cost per personnel. The actual bifurcated employee cost and number of employees for distribution business for FY 2010-11 and FY 2011-12 has been considered to determine employee cost per personnel for FY 2010-11 and FY 2011-12 which comes to Rs.2 lakh per employee and Rs.3.20 lakh per employee, respectively. An average of the two is then calculated to arrive at EMP_b which works out to be Rs.2.60 lakh per employee. The following table summarises the computation of norm for employee cost.

Table 51: Norm for Employee Expenses

Description	Units	2010-11	2011-12
Apportioned employee cost for previous years	Rs Cr	302.44	377.56
Number of employees as per Year Book for FY 2011-12	No.	15,399	11,959
Employee cost per personnel	Rs Cr/employee	0.020	0.032
EMP_b	**Rs Cr/employee**	**0.026**	

8.19 This EMP_b is then escalated by average CPI index for previous three years worked out to be 10.40% per annum to arrive at EMP_n without adjustment for provisions. As mentioned in Para 8.11, the provision for 6th Pay Commission arrears is allowed as pass through during the MYT period in the ratio allocated to distribution business. The overall O&M expenses for FY 2010-11 and FY 2011-12 have been allocated to the Transmission & Distribution business in ratio of 13:87. Accordingly, 87% of the cost pertaining to 6th Pay Commission arrears of Rs.42.81 Cr has been allocated to distribution business for MYT period which works out to Rs.37.38 Cr.

8.20 Further, as the actual number of employees for FY 2012-13 and for the future period for distribution business is not available, the Commission has considered the number of employees at present level of FY 2011-12 for the MYT Period also. This is subject to true up on basis of actual bifurcated number of employees for Distribution business of JKPDD-D. Based on above, the approved employee expenses for FY 2013-14 to FY 2015-16 have been summarised in following table.

Table 52: Approved Employee Expenses (Rs Cr)

Description	Units	Norm	2013-14	2014-15	2015-16
EMP_b (A)	Rs Cr/employee	0.026			
CPI Inflation rate (B)	%	10.40%			
Number of employees (C)	No.		11,959	11,959	11,959
EMP_n (D = A * B)	Rs Cr/employee		0.028	0.031	0.034
Employee Expenses without provisions (E = C * D)	**Rs Cr**		**338.07**	**373.24**	**412.07**
Arrears for 6th Pay Commission	Rs Cr		42.81	42.81	42.81
Allocated to Distribution (87% of total) (F)	*Rs Cr*		*37.38*	*37.38*	*37.38*
Employee expenses with provisions (G = E + F)	**Rs Cr**		**375.46**	**410.63**	**449.45**

A&G expenses

8.21 As per Regulation 22.3 of the above-mentioned regulations, A&G cost for 'n' year ($A\&G_n$) during the MYT period would be determined on the basis of norm for A&G cost ($A\&G_b$) escalated by average Wholesale Price Index (WPI) inflation rate for immediately preceding three years including any past arrears/ provisions being beyond the control of the Petitioner. The formula for projection of A&G cost is as follows:

$$A\&G_n = (A\&G_b * \text{WPI Inflation Rate}) + \text{Provisions}$$

Where,
$A\&G_n$ = A&G costs for year 'n'
$A\&G_b$ = A&G costs as per norm
WPI Inflation = average increase in WPI for immediately preceding three years
Provisions = Provisions for uncontrollable or one-time expenses

8.22 Accordingly, the Commission has fixed the norm for A&G cost on the basis of A&G cost per personnel. The actual bifurcated A&G cost and number of employees for distribution business for FY 2010-11 and FY 2011-12 has been considered to determine A&G cost per personnel for FY 2010-11 and FY 2011-12 which comes to Rs.0.12 lakh per employee and Rs.0.19 lakh per employee, respectively. An average of the two is then calculated to arrive at $A\&G_b$ which works out to be Rs.0.16 lakh per employee. The following table summarises the computation of norm for A&G cost.

Table 53: Norm for A&G costs

Description	Units	2010-11	2011-12
Apportioned A&G cost for previous years	Rs Cr	18.53	23.03
Number of employees as per Year Book for FY 2011-12	No.	15,399	11,959
A&G cost per personnel	Rs Cr/employee	0.001	0.002
$A\&G_b$	**Rs Cr/employee**	**0.002**	

8.23 This $A\&G_b$ is then escalated by average WPI index for previous three years worked out to 7.43% per annum to arrive at $A\&G_n$ without adjustment for provisions. As the JKPDD-D has claimed no adjustments for A&G, the Commission has also not considered any provisions for A&G cost.

8.24 Further, as the actual number of employees for FY 2012-13 and for the future period for distribution business is not available, the Commission has considered the number of employees at present level of FY 2011-12 for the MYT Period also. This is subject to true up on basis of actual bifurcated number of employees for Distribution business of JKPDD-D. Based on above, the approved employee expenses for FY 2013-14 to FY 2015-16 have been summarised in following table.

Table 54: Approved A&G Expenses (Rs Cr)

Description	Units	Norm	2013-14	2014-15	2015-16
$A\&G_b$ (A)	**Rs Cr/employee**	**0.002**			
WPI Inflation rate (B)	%	**7.43%**			
Number of employees (C)	No.		11,959	11,959	11,959
$A\&G_n$ (D = A * B)	**Rs Cr/employee**		**0.0017**	**0.0018**	**0.0019**
A&G Costs (E = C * D)	**Rs Cr**		**20.10**	**21.60**	**23.20**

R&M Expenses

8.25 As per Regulation 22.2 of the above-mentioned regulations, R&M cost for 'n' is to be determined based on average proportion (i.e. K) of actual R&M costs of opening Gross fixed assets (GFA) for previous years. The formula for projection of R&M cost is as follows:

$$R\&M_n = K_b * GFA_n$$

Where,
$R\&M_n$ = R&M Cost for year 'n'
GFA_n = opening GFA for year 'n'
K_b = Percentage point as norm

8.26 The Commission has estimated the 'K' factor by considering the average of proportion of R&M costs of the opening GFA for FY 2010-11 and FY 2011-12. The actual bifurcated R&M costs for JKPDD-D have been considered at Rs.25.04 Cr and Rs.27.78 Cr for FY 2010-11 and FY 2011-12, respectively. In case of absence of asset-wise break up of GFA and basis of segregation to transmission and distribution business, the Commission has considered the opening GFA for FY 2010-11 and FY 2011-12 as per its approval in previous Tariff Orders. Further, the approved GFA for JKPDD as whole is bifurcated to transmission and distribution function in the same ratio as submitted by the Petitioner i.e.26:74 ratio, respectively. Accordingly, approved GFA for FY 2010-11 and FY 2011-12 for distribution function has been considered at Rs.1,805.71 Cr and Rs.2,161.17 Cr, respectively.

8.27 Based on the above, the proportion of R&M costs to opening GFA for FY 2010-11 and FY 2011-12 works out to be 1.39% and 1.29%, respectively. Thus 'K_b' is determined on basis of average of previous years ratios which works out to be 1.34% of opening GFA for year 'n'. The determination of norm for R&M cost (i.e. K factor) has been summarised in following table.

Table 55: Norm for R&M Expenses

Description	Units	2010-11	2011-12
Apportioned R&M cost for previous years	Rs Cr	25.04	27.78
Approved opening GFA as per previous Tariff Orders for JKPDD as whole	Rs Cr	2,440.15	2,920.50
Proportion of GFA attributable to distribution business	%	74%	74%
Opening GFA for JKPDD-D	Rs Cr	1,805.71	2,161.17
R&M Cost/ opening GFA	%	1.39%	1.29%
K_b (norm)	**%**	**1.34%**	

8.28 The normative 'K_b' factor is then multiplied by the approved opening GFA for FY 2013-14 to FY 2015-16 by the Commission in its Order dated 22nd March 2013 for approval of Business plan for JKPDD-D to project the R&M costs for MYT period. The approved R&M costs for the MYT period have been summarised below.

Table 56: Approved R&M Expenses (Rs Cr)

Description	Units	Norm	2013-14	2014-15	2015-16
K_b	%	**1.34%**			
Opening GFA for JKPDD-D as per Order dated 22nd March 2013 for approval of Business plan for JKPDD-D	Rs Cr		2,542.71	3,083.25	3,844.38
Approved R&M costs	**Rs Cr**		**33.97**	**41.19**	**51.36**

8.29 The following table summarizes the O&M cost as proposed by the Petitioner and as approved by the Commission for the MYT control period:

Table 57: O&M Expenses for the MYT Period (in Rs. Cr)

Description	FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	Proposed now by JKPDD-D	Approved in previous Tariff Order	Proposed by JKPDD-D	Approved by J&KSERC	Proposed by JKPDD-D	Approved by J&KSERC	Proposed by JKPDD-D	Approved by J&KSERC
Employee Cost	462.18	343.60	494.54	375.46	529.15	410.63	566.19	449.45
A&G Cost	24.97	18.71	26.21	20.10	27.53	21.60	28.90	23.20
R&M Cost	30.92	30.99	32.46	33.97	34.09	41.19	35.79	51.36
Total	**518.07**	**393.31**	**553.21**	**429.53**	**590.77**	**473.42**	**630.89**	**524.02**

Capital Investment and Capitalization

8.30 The Commission has approved the Capital Investment and capitalization for the MYT control period (FY 2013-14 to FY 2015-16) for JKPDD-D in its Order for approval of Business Plan dated 22nd March 2013. The following sub-section provides a summary of proposed capital investment and capitalization as proposed by the Petitioner and as approved by the Commission in the above mentioned Order.

Petitioner's Submission

8.31 The Petitioner submitted that it would undertake various schemes for enhancement of T&D infrastructure, improvement of efficiency, achieving 100% metering, reduction in T&D losses and training and capacity building during the MYT Control period i.e. FY 2013-14, FY 2014-15 and FY 2015-16 amounting to total capital investment of Rs. 928.94 Cr, Rs.1,096.24 Cr and Rs.1,091.16 Cr, respectively.

8.32 The details of scheme-wise capital expenditure proposed by the Petitioner has been summarized in the table given below:

Table 58: Proposed Capital Investment Plan (in Rs. Cr.)

Particulars	2013-14	2014-15	2015-16
RGGVY Projects	174.23	0.00	0.00
PMRP Projects	0.00	0.00	0.00
R-APDRP Projects	547.10	800.00	771.61
New Distribution Works	86.92	162.98	217.30
REC Funded Projects	50.00	50.00	75.00
Others	70.69	83.26	27.25
Total	**928.94**	**1,096.24**	**1,091.16**

8.33 Further, the Petitioner submitted the capitalization schedule for the MYT Control period (FY 2013-14 to FY 2015-16) based on the year of completion of various projects being undertaken and same has been summarized in following table.

Table 59: Proposed Capitalization Plan (in Rs. Cr.)

Sl. No.	Description	2013-14	2014-15	2015-16
1	RGGVY Projects	174.23	87.11	0.00
2	PMRP Projects	151.23	0.00	0.00
3	R-APDRP Projects	376.05	673.55	785.81
4	New Distribution Works	54.33	124.95	190.14
5	REC Funded Projects	50.00	50.00	75.00
6	Others	70.69	83.26	27.25
7	**Total**	**876.52**	**1,018.87**	**1,078.19**
8	Projected Capital expenditure	928.94	1,096.24	1,091.16
9	**Ratio of proposed capitalisation/ capital expenditure**	**94%**	**93%**	**99%**

Commission's Analysis

8.34 The Commission analysed each scheme separately in detail for approving the capital investment for the MYT period in its Order dated 22nd March 2013. The approach adopted by the Commission for approving scheme-wise capital investment has been summarised below:

(a) For the schemes proposed under RGGVY and R-APDRP schemes sanctioned by the Government of India and REC funded projects, the Commission notes that these schemes are already under implementation. Further the proposed outlay on these schemes is also being budgeted by the State Government in its Resource Plan for FY 2013-14. Accordingly, the Commission has approved the proposed outlay on such schemes.

(b) In case of capital works similar to R-APDRP projects proposed to be undertaken for additional 283 identified towns in the State, the Commission notes funds have not been tied up yet. Also, the State Government in its approved Resource Plan for FY 2013-14 has not budgeted any investment for such works. Accordingly, the Commission has not approved any investment for such works for FY 2013-14. However as these schemes are planned to reduce losses in the State, the Commission has provisionally approved the proposed expenditure under this head for FY 2014-15 and FY 2015-16 as Rs.350 Cr and Rs.272 Cr respectively, subject to approval from the State Government in next year's Resource Plan.

(c) In case of PMRP schemes and investment proposed for up-gradation of SLDC, the Commission is of the view that as these schemes pertain to transmission business of JKPDD, they have been considered separately as part of the capital investment for such schemes has been approved as part of capital investment plan for transmission business of JKPDD and accordingly no cost has been considered for distribution business.

(d) In case of schemes related to new distribution works, Commission is of the view that proposed expenditure is very high. Also, the Petitioner has not submitted detailed project reports and cost benefit analysis for proposed schemes under this head. However in light of the nature of works and funds to be available from approved outlay under the State plan as per JKPDD's Resource Plan for FY 2013-14, the Commission provisionally approves 50% of the proposed capital expenditure under this head subject to approved outlay by State Government in JKPDD's Resource Plan for FY 2014-15 and the detailed investment plan along with the cost benefit analysis for the proposed new distribution works to be submitted along with the APR & Tariff petition for FY 2014-15.

(e) In case of proposed schemes under technical intervention such as metering plan, strengthening & upgrading of billing & collection system, power factor correction and energy conservation, the Commission is of the view that these are important steps in the right direction by the Petitioner to improve its overall operational efficiency. Further, the costs proposed under each of the above-mentioned items apparently appear to be within reasonable limits while the benefits accruing from them such as assessment of additional revenue which was earlier not assessed pertaining to un-metered consumers and improved collection efficiency cannot be under estimated. Hence the Commission approves the capital expenditure proposed under metering, strengthening & upgrading of billing & collection system, power factor correction and energy conservation as proposed by the Petitioner for the MYT period.

(f) However, in case of the proposed metering plan, the Commission has only provisionally approved the proposed capital expenditure subject to submission of State Government approved comprehensive metering plan with province-wise/circle-wise metering plan along with investment requirement, financing and procurement plan before 30th June 2013. Further, in case the above condition is not complied with within the stipulated time period, the Commission shall disallow the investment plan for metering as well as all sales to unmetered consumers and shall also direct the licensee to immediately comply with the provisions of Section 49 (1) of the J&K Electricity Act, 2010 which states that *"No licensee shall supply electricity, after the expiry of two years from the commencement of the Act, except through installation of a correct meter in accordance with the regulations to be made in this behalf by the Commission*". Further, the deadline of 100% metering was extended by the Commission upto 30th June 2013 on the basis of the petition filed by the Petitioner which needs to be strictly adhered to. In addition, the Commission directs the Petitioner to conduct an independent audit of actual consumers metered and pending for metering during the MYT period and submit Quarterly reports to the Commission for monitoring purposes. In addition to above, the Commission in its Order dated 22nd March 2013 clarified that any additional expenditure for metering plan would be allowed on the basis of actual cost-benefit analysis and independent audit reports/ causal analysis for requirement of additional expenditure and in absence of any such detailed analysis, the Commission would not allow any additional expenditure under this head.

(g) In case of proposed investment for training and capacity building and power system studies, the Commission is of the views that as these investments pertain to both the distribution and transmission business of the Petitioner, only the expenditure pertaining to distribution business of JKPDD needs to be considered while approving the ARR for MYT control period. The expenditure for training and capacity building has been allocated in ratio of actual number of employees in Distribution business of JKPDD at end of FY 2011-12 which works out to be 87%. While the expenditure on power system studies has been allocated on the basis of ratio GFA pertaining to distribution business which works out to be 74%. The Commission further directs the Petitioner to submit proposal for studies to be undertaken during FY 2013-14 within 3 months from the date of issue of this Order along with detailed cost benefit analysis of each study.

8.35 The details of scheme-wise capital expenditure approved by the Commission for the MYT Control period from FY 2013-14 to FY 2015-16 has been summarized in the table given below:

Table 60: Approved Capital Investment Plan (in Rs. Cr.)

Particulars	2013-14	2014-15	2015-16
RGGVY Projects	174.23	0.00	0.00
PMRP Projects	0.00	0.00	0.00
R-APDRP Projects	397.10	800.00	771.61
New Distribution Works	43.46	81.49	108.65
REC Funded Projects	50.00	50.00	75.00
Others	45.89	44.84	26.62
Total	**710.68**	**976.33**	**981.88**

8.36 Further, the Commission has approved capitalization for each scheme separately. In case of RGGVY projects, the Commission has approved the capitalization as proposed by the Petitioner as the scheme is nearing completion, while no capitalization has been considered for PMRP projects as it pertains to transmission business of JKPDD. In case of other projects the Commission has applied the ratio of approved capitalization for FY 2012-13 as per previous Tariff Order for FY 2012-13 dated 16th April 2012 which works out to approx. 70%. Accordingly, the approved capitalization ratio for FY 2013-14, FY 2014-15 and FY 2015-16, works out to 76%, 78% and 69% respectively. The following table summarizes the approved capitalization schedule for the entire MYT control period.

Table 61: Approved Capitalization Plan (in Rs. Cr.)

Sl. No.	Description	2013-14	2014-15	2015-16
1	RGGVY Projects	174.23	87.11	0.00
2	PMRP Projects	0.00	0.00	0.00
3	R-APDRP Projects	272.95	552.28	532.68
4	New Distribution Works	27.17	56.26	75.01
5	REC Funded Projects	34.52	34.52	51.78
6	Others	31.68	30.96	18.38
7	**Total**	**540.54**	**761.13**	**677.85**
8	Approved Capital expenditure	710.68	976.33	981.88
9	**Ratio of Approved capitalisation/ capital Expenditure**	**76%**	**78%**	**69%**

Depreciation

Petitioner's Submission

8.37 The Petitioner has estimated the depreciation for each year of the MYT Control Period (FY 2013-14 to FY 2015-16) on opening GFA and additions made during the year by applying the average rate of depreciation of 3.6% as approved by the Commission in its Order dated 16th April 2012. The depreciation cost for the MYT Period as proposed by the Petitioner has been summarised in following table.

Table 62: Proposed depreciation cost for MYT period (Rs Cr)

Description	2012-13	2013-14	2014-15	2015-16
Depreciation on Opening GFA				
Opening GFA	4744.16	4744.16	4744.16	4744.16
Average Depreciation Rate	3.60%	3.60%	3.60%	3.60%
Depreciation	**170.79**	**170.79**	**170.79**	**170.79**
Depreciation on Additions				
Opening GFA	0.00	489.44	1365.96	2384.83
Additions to GFA	489.44	876.52	1018.87	1078.19
Closing GFA	489.44	1365.96	2384.83	3463.02
Average Depreciation Rate	3.60%	3.60%	3.60%	3.60%
Depreciation on Additions	**8.81**	**33.40**	**67.51**	**105.26**
Total	**179.60**	**204.19**	**238.30**	**276.05**

Commission's Analysis

8.38 In the previous Tariff Order for FY 2012-13 dated 16th April 2012, the Commission had approved depreciation cost of Rs.117.74 Cr pertaining to both transmission and distribution businesses of the Petitioner. However, the Commission notes with concern that now the Petitioner has submitted that the depreciation cost for distribution business alone is Rs. 179.60 Cr for FY 2012-13 which is more than 52% increase over the approved values. Also, the Commission in previous Tariff Order for FY 2012-13 had approved the opening GFA for FY 2012-13 at Rs.3,120.50 Cr for both transmission and distribution businesses of the Petitioner, while now the Petitioner has submitted that the opening GFA for FY 2012-13 for distribution business alone is Rs.4,744.16 Cr. In case the projected opening GFA for transmission business for FY 2012-13 as per the Transmission MYT Petition filed by the Petitioner is also accounted for the total proposed opening GFA for FY 2012-13 works out to Rs.6,382 Cr which is more than 100% increase over the approved values. Further, the Petitioner failed to show any documentary evidence for proposed addition in GFA for entire JKPDD of Rs.3,261 Cr (i.e. Rs. 6,382 Cr less Rs.3,120.5 Cr).

8.39 In view of above, the Commission finds no merit in approving the opening GFA for FY 2012-13 at the proposed levels and instead has considered the opening GFA of Rs.3,120 Cr for FY 2012-13 as approved in the previous Tariff Order dated 16th April 2012 till authentic data is furnished.

8.40 The approved opening GFA is then allocated between the transmission and distribution business based upon the GFA values for Distribution and Transmission function as submitted by the Petitioners for FY 2012-13. The opening GFA for FY 2012-13 for distribution and transmission functions has been submitted at Rs. 4744.16 and Rs. 1637.77 Cr, respectively. Thus 74% of the approved opening GFA for distribution business works out to be Rs.2,319.70 Cr.

8.41 However, as stated in para 3.71 of this Order, the Regulation 24 (b) of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 provides that depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants. Accordingly, the Commission asked the Petitioner to submit bifurcation of GFA &

Capital Works-in-Progress (CWIP) as on 31st March 2012 into that funded through grants & long-term loans (REC, PFC, etc). The Petitioner submitted that as the exercise of segregation of assets into transmission and distribution functions of the utility is under progress; the details of financing of GFA for distribution business will be submitted only after the bifurcation is completed.

8.42 In the absence of above-mentioned details, the Commission has provisionally considered the outstanding balance of loans as on 31st March 2012 to be the portion of GFA to be considered for depreciation while remaining opening balance of GFA is considered to be funded through grants and hence no depreciation is allowed on same. Further, of the total approved additions to the GFA as per the approved capitalization schedule as given in Table 61 of this Order, only REC funded projects are financed through loans, while others are financed through grants from State & Central Government. Accordingly, for the purposes of computation of depreciation, the Commission has only considered the additions made to GFA which have been financed through loans (i.e. portion of capitalization for REC funded projects).

8.43 However the above methodology is subject to true up on the basis of actual segregation of GFA on basis of that financed through loans and grants is submitted with the Annual Performance Review (APR) petition for FY 2014-15.

8.44 With regard to rate of depreciation, the Commission agrees with the Objectors, that the Petitioner must submit asset-wise details of GFA. However, till such time the process for segregation of assets is completed, the Commission has considered the average rate of depreciation of 3.6% for calculation of depreciation, considering useful asset life of 25 years and a residual value of 10% as also approved by it in previous Tariff Order dated 16th April 2012.

8.45 The depreciation cost as approved by the Commission for MYT control period has been summarized below:

Table 63: Approved Depreciation Charges (Rs Cr)

Particulars	2012-13	2013-14	2014-15	2015-16
GFA considered for computation of Depreciation as per Regulation 24 (b) of J&KSERC (Multi Year Distribution Tariff) Regulations, 2012				
Opening GFA *	155.71	168.21	202.73	237.25
Additions **	12.50	34.52	34.52	51.78
Closing GFA	168.21	202.73	237.25	289.02
Average GFA	**161.96**	**185.47**	**219.99**	**263.13**
Depreciation Rate (%)		*3.60%*	*3.60%*	*3.60%*
Depreciation #		**6.68**	**7.92**	**9.47**

Note: * Outstanding balance for loans as on 31st March 2012 as submitted by the Petitioner.
** Approved addition to GFA for the REC funded projects being financed through loan from REC.
# As true up for previous years is not undertaken, the depreciation cost for FY 2012-13 is assumed to be same as approved in previous Tariff Order dated 16th April 2012.

Interest and Finance Charges

Interest on Loans

Petitioner's Submission

8.46 The Petitioner submitted that the outstanding balance of its term liabilities as on 31st March 2012 was Rs. 155.71 Cr. Further, the Petitioner submitted that of the proposed addition to GFA during the MYT period only REC funded projects are financed through loans from REC, while others are funded through grants from State/Central Government. Accordingly, proposed additions loan from REC is considered as addition to loans for the MYT period. The rate of interest has been considered at 10% per annum during the MYT period. The following table summarizes the interest and finance charges during the MYT period as submitted by the Petitioner.

Table 64: Proposed Interest and Finance Charges (in Rs. Cr.)

Description	2012-13	2013-14	2014-15	2015-16
Opening loan balance	155.71	171.46	211.46	250.46
Receipts during the year	25.00	50.00	50.00	75.00
Repayments during the year	9.25	10.00	11.00	12.50
Closing Loan Balance	171.46	211.46	250.46	312.96
Interest on Term Loans	**16.36**	**19.15**	**23.10**	**28.17**

Commission's Analysis

8.47 The Commission has approved the interest and finance charges on loan as per the following approach:

(a) The outstanding balance of term liabilities as on 31st March 2012 has been considered as per submission made by the Petitioner.

(b) Additions in loan during the year have been considered as per approved capitalization for REC funded projects for the MYT period.

(c) Rate of interest has been considered as per the average of approved rate of interest for previous two years i.e. FY 2011-12 & FY 2012-13, which works out to 9.39%.

8.48 Based on the above approach, the following table summarizes the interest and finance charges during the MYT period as approved by the Commission.

Table 65: Approved Interest and Finance Charges (in Rs. Cr.)

Description	2012-13	2013-14	2014-15	2015-16
Opening loan balance	155.71	158.96	183.48	207.00
Receipts during the year	12.50	34.52	34.52	51.78
Repayments during the year	9.25	10.00	11.00	12.50
Closing Loan Balance	158.96	183.48	207.00	246.27

Average Loan	**157.34**	**171.22**	**195.24**	**226.63**
Rate of Interest (%)		*9.39%*	*9.39%*	*9.39%*
Interest on Term Loans #		**16.08**	**18.33**	**21.28**

Note: # As true up for previous years is not undertaken, the interest & finance charges for FY 2012-13 is assumed to be same as approved in previous Tariff Order dated 16th April 2012.

Interest on Working Capital

8.49 The Petitioner submitted that it has claimed normative interest on working capital for the MYT control period as per the relevant provisions of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012. The methodology considered for estimating normative working capital requirements:

(a) O&M expenses for 1 month;

(b) Maintenance spares @ 1% of opening GFA;

(c) Receivables for 2 months

8.50 The interest on working capital has been considered at normative interest rate of 15% which is prevailing J&K Bank's Prime Lending Rate. The following table summarizes the proposed interest on normative working capital for MYT period:

Table 66: Proposed Interest on Working Capital (in Rs. Cr.)

Description	2013-14	2014-15	2015-16
O & M Expenses	46.10	49.23	52.57
Maintenance Spares	52.34	61.10	71.29
Receivables	863.27	911.34	963.32
Total Working Capital	**961.71**	**1021.67**	**1087.18**
Rate of Interest	*15.00%*	*15.00%*	*15.00%*
Interest on Working Capital	**144.26**	**153.25**	**163.08**

Commission's Analysis

8.51 The Commission has estimated the interest on normative working capital as per Regulation 26 of the J&KSERC (Multi Year Tariff Distribution) Regulations, 2012.

8.52 The normative working capital requirements for the MYT period (FY 2013-14 to FY 2015-16) have been projected on the basis of the following methodology:

(a) O&M expenses for one month;

(b) Two months equivalent of expected revenue;

(c) Maintenance spares @ 40% of R&M expenses for one month;

(d) Less: Security deposits from consumers, if any.

8.53 Further, the interest on working capital has been considered at the rate of 15% per annum equivalent to J&K Bank rate as on 1st April 2012.

8.54 Accordingly, the Commission approves the interest on normative working capital for FY 2013-14, FY 2014-15 and FY 2015-16 as Rs.48.71 Cr, Rs.51.77 Cr and Rs.59.58 Cr, respectively and has been summarized in following table:

Table 67: Approved Interest on Working Capital (in Rs. Cr.)

Description	2013-14	2014-15	2015-16
O & M Expenses for 1 month	35.79	39.45	43.67
Expected revenue for 2 months	287.79	304.29	351.84
Maintenance Spares @ 40% of R&M expenses for 1 month	1.13	1.37	1.71
Less: Security deposit	0.00	0.00	0.00
Normative Working Capital	**324.72**	**345.11**	**397.22**
Rate of Interest	15.00%	15.00%	15.00%
Interest on Working Capital	**48.71**	**51.77**	**59.58**

Return on Equity

Petitioner's Submission

8.55 The Petitioner has not proposed any return on equity.

Commission's Analysis

8.56 The Commission accepts the submission made by the Petitioner and has not approved any return on equity.

Non-tariff Income

Petitioner's Submission

8.57 Non-Tariff Income consists of all those incomes from the business of retail supply of power excluding the income earned from sale of power. Non-Tariff income includes income from delayed payment charges (surcharge), rentals for meters and other equipments, miscellaneous charges from consumers (comprising of services rendered to consumers like reconnection/ disconnection, fuse off calls, etc.).

8.58 The Petitioner has projected the non-tariff income for the MYT period (FY 2013-14 to FY 2015-16) by increasing the approved non-tariff income for FY 2012-13 of Rs.13.42 Cr by 5% per annum. Accordingly, the proposed non-tariff income for FY 2013-14, FY 2014-15 and FY 2015-16 works out to Rs.14.09 Cr, Rs.14.80 Cr and Rs.15.54 Cr, respectively.

Commission's Analysis

8.59 In the previous Tariff Order for FY 2012-13 dated 16th April 2012, the Commission has approved Rs 13.42 Cr as Non-tariff Income for FY 2012-13. Approved non-tariff income for FY 2012-13 is then escalated at 5% per annum to project the non-tariff income for the MYT Control period (FY 2013-14 to FY 2015-16) as proposed by the Petitioner. Thus the approved non-tariff income for FY 2013-14, FY 2014-15 and FY 2015-16 works out to Rs.14.09 Cr, Rs.14.80 Cr and Rs.15.54 Cr, respectively.

Annual Revenue Requirement (ARR) for MYT Control period

8.60 Based on the various components as discussed above, the summary of ARR for the MYT Control period (FY 2013-14 to FY 2015-16) as submitted by the Petitioner and as approved by the Commission has been summarised in the following table.

Table 68: ARR for MYT Control Period (Rs. Cr)

Particulars	2013-14		2014-15		2015-16	
	Proposed by Petitioner	Approved by J&KSERC	Proposed by Petitioner	Approved by J&KSERC	Proposed by Petitioner	Approved by J&KSERC
Power Purchase costs	4272.92	3327.00	4477.41	3613.80	4697.27	4064.77
Employee Cost	494.54	375.46	529.15	410.63	566.19	449.45
A&G Cost	26.21	20.10	27.53	21.60	28.90	23.20
R&M Cost	32.46	33.97	34.09	41.19	35.79	51.36
O&M Cost	***553.21***	***429.53***	***590.77***	***473.42***	***630.89***	***524.02***
Depreciation	204.19	6.68	238.30	7.92	276.05	9.47
Interest & finance charges	19.15	16.08	23.10	18.33	28.17	21.28
Interest on working capital	144.26	48.71	153.25	51.77	163.08	59.58
Gross ARR	**5193.72**	**3827.99**	**5482.83**	**4165.24**	**5795.46**	**4679.13**
Add: Return on Equity	0.00	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff income	14.09	14.09	14.80	14.80	15.54	15.54
Net ARR	**5179.63**	**3813.90**	**5468.03**	**4150.44**	**5779.92**	**4663.59**

A9: REVIEW OF REVENUE PROJECTIONS

Revenue from Sale of Power at Existing Tariffs

Petitioner's Submission

9.1 The Petitioner has estimated the revenue from sale of power at existing tariffs for FY 2012-13 and the MYT control period (FY 2013-14 to FY 2015-16) based on the proposed energy sales and demand forecasts and category-wise tariff prevalent in the Jammu & Kashmir as per the Tariff Order for FY 2012-13 dated 16th April 2012. The following table summarizes the revenue from sale of power at existing tariff as proposed by the Petitioner.

Table 69: Proposed Revenue Assessed at existing tariff (Rs Cr)

Consumer Categories	2012-13 (RE)	2013-14 (Proj)	2014-15 (Proj)	2015-16 (Proj)
Domestic	406.12	455.42	577.95	567.66
Non-Domestic/Commercial	174.76	196.26	234.82	272.17
Agriculture	112.89	95.00	83.98	51.50
State/Central Government Depts.	319.73	337.06	355.34	364.80
Public Street Lighting	16.05	17.82	19.77	23.00
LT Industrial Supply	110.16	117.17	124.64	125.12
HT Industrial Supply	186.40	202.45	219.89	238.85
HT-PIU Industrial Supply	43.84	44.47	44.83	45.47
LT Public Water Works	128.72	170.69	169.28	276.69
HT Public Water Works	41.95	44.41	47.05	49.87
General Purpose/Bulk Supply	60.88	62.54	66.08	69.83
Grand Total	**1601.51**	**1743.28**	**1943.62**	**2084.95**

9.2 Further, after considered the impact of proposed collection efficiency, the revenue proposed to be realized at existing tariffs is lower than the revenue demand as submitted by the Petitioner. The following table summarizes the revenue demand, revenue realization (i.e. revenue demand X collection efficiency) and collection efficiency proposed by the Petitioner for FY 2012-13 and the MYT control period (FY 2013-14 to FY 2015-16):

Table 70: Proposed Revenue Demand, Revenue Realization and Collection Efficiency

Particulars	Units	2012-13 (RE)	2013-14 (Proj)	2014-15 (Proj)	2015-16 (Proj)
Revenue Demand	Rs. Cr	1,601.51	1,743.28	1,943.62	2,084.95
Revenue Realization	**Rs. Cr**	**1,521.43**	**1,673.55**	**1,885.31**	**2,043.25**
Collection Efficiency	%	95%	96%	97%	98%

Commission's Analysis

9.3 In its previous Tariff Order for FY 2012-13 dated 16th April 2012, the Commission had approved the revenue from sale of power for FY 2012-13 at Rs.2,238.58 Cr based on re-worked sales of 5,795.95 MU (on the basis of approved T&D losses of 46.76%), the overall tariff hike of 6.2% in the existing average tariff and 100% collection efficiency including recovery from past arrears also. However, the Petitioner has now submitted that for FY 2012-13, the revenue at existing tariffs works out to Rs.1,601.51 Cr based on estimated energy sales of 4,719.42 MU.Further, the Petitioner submitted that its actual collection efficiency is 95% and accordingly revenue realization estimated for FY 2012-13 is Rs.1,521.43 Cr, which is a reduction of more than 30% than the approved revenue.

9.4 Moreover, the Commission has noted that in addition to the revenue targets approved by the Commission for each year, there are different targets proposed and fixed by the utility, administrative department and the State Finance Department. This leads to confusion and calls for immediate rectification and reconciliation. Further the Petitioner has failed in maintaining accounts properly. In order to ensure data reliability third party audit needs to be conducted annually. The following table will elucidate the view of the Commission:

Table 71: Revenue Targets (Rs Cr)

Financial Year	Proposed by the JKPDD	Approved by the Commission	Fixed by State Finance Dept
FY 2011-12	1,776.37*	1,457.01	1,850.00
FY 2012-13	1,783.10**	2,238.58	2,352.00
FY 2013-14	1,979.23***	1,872.71	2,541.00

Note: * As submitted by JKPDD-D in its Tariff Petition for FY 2011-12; ** As submitted by JKPDD-D in its Tariff Petition for FY 2012-13; *** As submitted by JKPDD-D in ARR and Tariff Petition for MYT period (FY 2013-14 to FY 2015-16)

9.5 In view of above, the Commission re-iterates that true up for past years would not be undertaken unless the Petitioner maintains accounts properly and makes available audited accounts for past years. Accordingly, for FY 2012-13 the Commission maintains the approved revenue from sale of power as Rs.2,238.58 Cr as approved by it in previous Tariff Order dated 16th April 2012.

9.6 The Commission has estimated the sales and demand for the MYT Control Period (FY 2013-14 to FY 2015-16) in accordance with the Regulations 16 & 17 of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012. It should be noted that the energy sales approved by the Commission for FY 2013-14 is 5,263 MU which is lower than the approved sales for FY 2012-13. However, the Commission has made it clear that the higher T&D losses due to inefficiency of the Petitioner will not be passed through to end consumers, therefore the Commission has disallowed any additional power purchase cost proposed by the Petitioner in lieu of higher T&D losses than the approved loss figures (refer Paras 7.45 to 7.46 of this Order).

9.7 The Commission has estimated the revenue from sale of power at existing tariffs for the MYT control period (FY 2013-14 to FY 2015-16) based on the approved energy sales and demand forecasts and category-wise tariff prevalent in the Jammu & Kashmir as per the Tariff Order for FY 2012-13 dated 16th April 2012. The following table summarizes the revenue from sale of power at existing tariff as approved by the Commission.

Table 72: Revenue Assessed at existing tariff (Rs Cr) for MYT Control Period by the Commission

Consumer Categories	2013-14	2014-15	2015-16
Domestic	443.96	474.63	555.39
Non-Domestic/Commercial	186.73	213.69	278.32
Agriculture	88.98	80.09	50.76
State/Central Government Depts.	320.93	330.79	340.96
Public Street Lighting	16.57	18.09	22.54
LT Industrial Supply	112.49	118.64	124.36
HT Industrial Supply	237.16	260.42	286.02
HT-PIU Industrial Supply	48.43	50.43	52.11
LT Public Water Works	150.71	151.68	266.50
HT Public Water Works	45.45	47.72	50.11
General Purpose/Bulk Supply	75.37	79.56	83.98
Grand Total	**1,726.26**	**1,825.72**	**2,111.04**

9.8 With regard to collection efficiency, the Commission in its Business Plan Order for the entire MYT Period from FY 2013-14 to FY 2015-16 for JKPDD-D dated 22nd March 2013 has approved collection efficiency on account of energy sold during the financial year (excluding recovery of past arrears) at 96%, 97% and 98% for FY 2013-14, FY 2014-15 and FY 2015-16, respectively. Since there are huge arrear recoveries every year (pertaining to bills raised in past years) which get accounted for while calculating collection efficiency for a year, therefore collection efficiency (including arrears) cannot be considered less than 100%. Accordingly, the Commission considers the revenue realization at existing tariffs for FY 2013-14, FY 2014-15 and FY 2015-16 at Rs.1,726.76 Cr, Rs.1,825.72 Cr and Rs.2,111.04 Cr, respectively.

Revenue Gap

Petitioner's Submission

9.9 Based on the assessed revenue realization at existing tariffs, the projected revenue gap for FY 2012-13 and the MYT control period (FY 2013-14 to FY 2015-16) has been summarized in the following table:

Table 73: Proposed Revenue Gap at Existing Tariffs

Particulars	2012-13 (RE)	2013-14 (Proj)	2014-15 (Proj)	2015-16 (Proj)
Annual Revenue Requirement	5,000.43	5,179.63	5,468.03	5,779.92

Revenue Realization at existing tariffs	1,521.43	1,673.55	1,885.31	2,043.25
Revenue Gap at existing tariffs	**3,479.00**	**3,506.08**	**3,582.72**	**3,736.67**

9.10 In order to partially bridge/reduce the proposed revenue gap at existing tariffs for FY 2013-14, the Petitioner has proposed an overall average tariff hike of about 13.53%. The unmet revenue gap has been proposed to be met through financial support from State Government. The Petitioner has calculated the average tariff at existing rates to be Rs. 3.18/ kWh and that at proposed rates to be Rs.3.61/ kWh for FY 2013-14. The consumer category wise average tariff and revenue at existing rates and proposed rates for FY 2013-14 as estimated by the Petitioner are summarized below:

Table 74: Proposed Tariff and Revenues for FY 2013-14

Consumer Categories	Average CoS	Existing Tariff			Proposed Tariff		
	Rs/kWh (Actuals)	Avg. Tariff (Rs./ U)	Tariff Gap (Rs./ U)	Revenues (Rs. Cr.)	Avg. Tariff (Rs./ U)	Tariff Gap (Rs./ U)	Revenues (Rs. Cr.)
Domestic							
Metered	9.45	2.11	7.34	240.40	2.25	7.20	256.31
Unmetered	9.45	2.14	7.31	215.03	2.42	7.04	242.52
Non Domestic/ Commercial							
Metered	9.45	3.71	5.74	168.09	4.03	5.43	182.40
Unmetered	9.45	2.17	7.29	28.17	2.41	7.05	31.30
Agriculture							
Metered	9.45	1.57	7.89	34.19	1.66	7.79	36.26
Unmetered	9.45	6.75	2.71	60.81	7.69	1.76	69.31
State/Central Govt Deptt.							
Metered	9.45	6.31	3.14	337.06	7.26	2.20	387.62
Unmetered	-	-	-	-	-	-	-
Public Street Lighting							
Metered	9.45	5.08	4.37	8.75	5.59	3.86	9.62
Unmetered	9.45	4.35	5.10	9.08	5.01	4.45	10.44
LT Industrial Supply							
Metered	9.45	2.97	6.48	117.17	3.42	6.03	134.75
Unmetered	-	-	-	-	-	-	-
HT Industrial Supply							
Metered	9.45	3.11	6.34	202.45	3.73	5.72	242.93
Unmetered	-	-	-		-	-	-
HT-PIU Industrial Supply							
Metered	9.45	3.52	5.94	44.47	4.22	5.23	53.36
Unmetered	-	-	-		-	-	-
LT Public Water Works							
Metered	9.45	5.45	4.01	120.49	6.26	3.19	138.56

Consumer Categories	Average CoS	Existing Tariff			Proposed Tariff		
	Rs/kWh (Actuals)	Avg. Tariff (Rs./ U)	Tariff Gap (Rs./ U)	Revenues (Rs. Cr.)	Avg. Tariff (Rs./ U)	Tariff Gap (Rs./ U)	Revenues (Rs. Cr.)
Unmetered	9.45	2.22	7.24	50.20	2.55	6.90	57.73
HT Public Water Works							
Metered	9.45	4.34	5.11	44.41	4.99	4.46	51.07
Unmetered	-	-	-	-	-	-	-
General Purpose/Bulk Supply							
Metered	9.45	4.12	5.34	59.64	4.94	4.52	71.56
Unmetered	9.45	3.31	6.14	2.90	3.97	5.48	3.48
Total	**9.45**	**3.18**	**6.27**	**1,743.28**	**3.61**	**5.84**	**1,979.23**

9.11 However, it should be noted that on analysing in detail the revenue formats for assessing revenue demand at existing tariffs submitted by the Petitioner, the Commission noted that the Petitioner has erroneously computed the revenue from Minimum Monthly Charges (MMC) for Domestic (metered) and Agriculture (metered) consumer categories on the entire demand/ consumption by these categories. The revenue assessed/demand from existing tariffs as submitted by the Petitioner was over-stated by Rs.21.05 Cr, Rs.30.60 Cr, Rs.45.43 Cr and Rs.69.33 Cr for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16, respectively. Accordingly, the adjusted revenue assessed/demand from existing tariffs for FY 2012-13 and MYT Control Period (FY 2013-14 to FY 2015-16) has been summarised in following table:

Table 75: Adjusted Revenue Demand, Revenue Realization and Collection Efficiency at proposed tariffs

Particulars	Units	2012-13 (RE)	2013-14 (Proj)	2014-15 (Proj)	2015-16 (Proj)
Revenue Demand as submitted by the Petitioner	Rs. Cr	1,601.51	1,743.28	1,943.62	2,084.95
Adjusted Revenue Demand as worked out by the Commission	Rs. Cr	1,580.46	1,712.68	1,898.19	2,015.62
Adjusted Revenue Realization as worked out by the Commission	**Rs. Cr**	**1,501.43**	**1,644.17**	**1,841.25**	**1,975.30**
Collection Efficiency	%	95%	96%	97%	98%

9.12 In view of above, the proposed increase in tariffs for FY 2013-14 works out to be 15.56% instead of 13.53% as submitted by the Petitioner.

Commission's Analysis

9.13 Based on the assessed revenue realization at existing tariffs, the revenue gap for the MYT control period (FY 2013-14 to FY 2015-16) as approved by the Commission has been summarized in the following table:

Table 76: Approved Revenue Gap at Existing Tariffs for MYT Control period

Particulars	2013-14	2014-15	2015-16
Approved ARR	3,813.90	4,150.44	4,663.59
Revenue Realization at existing tariffs	1,726.26	1,825.72	2,111.04
Revenue Gap at existing tariffs	**2,087.14**	**2,324.72**	**2,552.55**

A10: TARIFF RATIONALISATION AND TREATMENT OF REVENUE GAP FOR FY 2013-14

10.1 As detailed out in **Section A4: Approach to Multi Year Tariff** in this Order, the Commission has determined the retail tariffs for FY 2013-14 such that to partially bridge/reduce the approved revenue gap at existing tariffs as summarized in Table 76 of this Order. Further, as per the approach adopted by the Commission for cost coverage in its previous Tariff Orders and as summarized in **Section A5: Approach to Cost Coverage for Fixation of Retail Tariffs for FY 2013-14** in this Order, the Commission is still constrained to approve the tariffs for FY 2013-14 even to realize the average Cost of Supply at Zero Loss level simply to avoid tariff shock and to avoid to cover up the operating inefficiency of the Utility. Hence, once the Petitioner is able to bring down the losses and improve efficiency in operations, the Commission would move towards approving tariffs to meet approved Cost of Supply at Prudent losses keeping in mind that no consumer is subjected to tariff shocks.

10.2 The following section summarizes the tariff rationalization measures proposed by the Petitioner, the concerns/objections of the stakeholders, Commission's views and analysis to rationalize tariff structure across consumer categories in the State.

Tariff Rationalization

Minimum monthly charges vs. Fixed charges

Petitioner's Submission

10.3 At present the Domestic (metered) and agriculture (metered) consumers are charged Minimum Monthly Charges (MMC) to recover some minimum revenue from these consumers to recover fixed costs incurred by the Petitioner, even in case there is no consumption by the consumers. However, in case the consumption is above the minimum monthly consumption, no revenue is collected on this account. This results in under-recovery of fixed costs incurred by the Petitioner. Further, the Commission in its previous Tariff Order dated 16th April 2012 had provided that it will move towards recovery of fixed charges from domestic consumers also by discontinuation of MMC and instead levy of fixed/demand charges.

10.4 Accordingly, the Petitioner has proposed to discontinue the MMC for domestic (metered) and agriculture (metered) and instead proposed to levy fixed charges for such consumers in order to ensure recovery of fixed costs from these consumer categories also. The following table summarizes the proposed tariff rates for domestic (metered) and agriculture (metered) consumer categories as proposed by the Petitioner.

Table 77: Proposed tariff rates for Domestic (metered) & Agriculture (metered) consumers for FY 2013-14 as submitted by the Petitioner

Description	Existing Rates	Proposed Rates
Domestic (Metered)		
Energy Charges (Rs/kWh)		
0- 30 units/month	1.19	1.19
30 -100 units/month	1.54	1.65
101-200 units/month	1.90	2.03
> 200 units/month	2.91	3.11
Minimum Monthly Charges (Rs/month)		
Upto ¼ kW	15	Nil
above 1/4 kW upto 1/2 kW	25	Nil
above 1/2 kW upto 1 kW	40	Nil
above 1 kW for every 250 W, or part thereof	10	Nil
Fixed Charges (Rs/kW/month)		
Upto ¼ kW	Nil	15
above 1/4 kW upto 1/2 kW	Nil	27
above 1/2 kW upto 1 kW	Nil	43
above 1 kW for every 250 W, or part thereof	Nil	11
Agriculture (Metered)		
Energy Charges (Rs/kWh)		
0- 20 HP	0.64	0.64
Above 20 HP	4.22	4.62
Minimum Monthly Charges (Rs/HP/Annum)		
0- 20 HP	250	Nil
Above 20 HP	900	Nil
Fixed Charges (Rs/HP/month)		
0- 20 HP	Nil	21
Above 20 HP	Nil	83

Commission's Analysis

10.5 The submissions of the Petitioner in the ARR for FY 2013-14 and as analyzed in this Order shows that approximately 45% of JKPDD-D's costs are fixed in nature including the capacity/fixed charges of power purchase. On the other hand, the revenue from fixed/ demand charges at the existing tariffs works out to only 28% for FY 2013-14.

10.6 The Commission views that it is essential to levy some fixed charges for recovery of fixed costs incurred by the Utility. It is a well-accepted economic principle that the fixed costs of the Utility should be recovered to a certain extent through fixed charges to ensure revenue stability. Further, balance needs to be struck such that the entire fixed cost should not be recovered through fixed charges, as then the Utility shall have no incentive to improve sales and, hence, quality of supply may suffer. Fixed charges can be recovered through levy of monthly fixed charges or Minimum monthly charges (MMC).

10.7 However, as pointed out by the Petitioner, in case of domestic (metered) and agriculture (metered) consumers in the State, JKPDD-D is unable to make proportionate recovery from MMC as when the consumption is higher than the threshold level, consumers pay only the energy charges. This suggests that the recovery from consumers in domestic (metered) and agriculture (metered) is still done on single part basis (i.e. only energy charges are levied in case consumption is higher than threshold level or only MMC are levied in case consumption is lower than threshold level). This impacts the revenue stability of the Petitioner adversely.

10.8 Further, the Commission, in the previous Tariff Orders, had decided to introduce two part tariff for all categories of consumers in a phased manner. In the tariff order for FY 2007-08, the Commission had introduced fixed charges in the form of demand charges for the HT consumers, which was further extended to LT Industrial and Non-Domestic (metered) consumer categories. In the tariff order for FY 2009-10 and FY 2010-11, fixed charges were extended to the State/ Central Government Departments, Public Street Lighting, and the LT Public Water Works consumer categories.

10.9 Accordingly, in this Tariff Order, the Commission accepts the proposal for introduction of fixed charges for domestic (metered) and agriculture (metered) consumer categories and discontinues levy of Monthly Minimum charges (MMC).

10.10 However, the Commission feels that the introduction of fixed charges should not result in any tariff shock to domestic and agriculture consumers in the State, it has decided to levy only a nominal fixed charge. Further, in case of Domestic (metered) category, the Commission is of the view that some consumers in the State are still living Below Poverty Line (BPL) and deserve some relief. Thus a separate consumer category for BPL consumers have been carved out as detailed in Para 10.16 of this Order.

Introduction of kVAh Tariff

Petitioner's Submission

10.11 The Petitioner has proposed to introduce energy charges based on kVAh tariff for following metered consumer categories having connected load greater than 20 kW.

Table 78: Proposed kVAh based energy charges for FY 2013-14 as submitted by the Petitioner

Description	Existing Rates	Proposed Rates
Energy Charges (for all units with Connected load > 20 kW)	*(Rs/kWh)*	*(Rs/kVAh)*
Non Domestic/ Commercial	4.11	4.52
State/Central Government Departments	6.20	7.13

LT Public Water Works	5.35	6.15
LT Industrial Power Supply	3.65	3.05

10.12 The Petitioner has submitted that introduction of kVAh tariff is to encourage consumers to initiate on their own, the steps to improve their power factor. Further, the kWh and kVAh based tariffs are currently proposed to be introduced in energy charges only and are proposed to be kept at par with each other so that at unity power factor there is no disparity in the charges paid by the consumers in the same category for same consumption.

Commission's Analysis

10.13 The Commission in its previous Tariff Order dated 16th April 2012 decided that the kVAh based tariffs should be gradually extended to all three phase consumers after suitable tri-vector meters are installed. However, during the Public Hearing the Consumers in the State presented that they should be given more time to install the requisite infrastructure required for kVAh based billing.

10.14 The Commission views that before introduction of kVAh based tariff it is essential that consumers have the requisite infrastructure installed and decided to continue with kWh based tariff for the time being. Further, it directs the Petitioner to make all out efforts to ensure that the proposed infrastructure is in place for shifting to kVAh based tariffs in future and report on the compliance within six months from issue of this Order.

Below poverty line (BPL) consumers

Petitioner's Submission

10.15 The Petitioner has not submitted any proposal for introduction of below poverty line consumers in the State.

Commission's Analysis

10.16 The Commission is of the view that there are certain classes of consumers who are socially and economically backwards in the State, and hence it is essential that such backward classes of consumers are not burdened with additional costs. Accordingly, the Commission has introduced a BPL consumer category within the Domestic (metered) consumers whose minimum consumption is upto 30 units per month. Such consumers would be charged at the existing energy charges for domestic (metered) category having consumption upto 30 units/ month i.e. Rs.1.19 per kWh and a nominal fixed charge of Rs.5 per kW per month. No monthly minimum charges shall be levied on such consumers.

10.17 However, the proposed BPL consumer category would get the benefit only on production of certificate of being BPL consumer issued by Competent Authority of the State Government. Otherwise such consumers would be treated as domestic (metered) consumers and would be charged as per applicable rates. Further in case the consumption for such consumers exceeds 30 units/month, then the consumption over and above 30 units/month would be charged as per the applicable rates for domestic (metered) consumer category.

Re-categorisation/ Re-classification of consumer slabs

Petitioner's Submission

10.18 The Petitioner had proposed that all metered consumers falling under the categories of non-domestic, State/Central Government departments, LT Public water works and LT Industrial Supply and having a connected load greater than 20 kW should be re-categorized as separate consumption slab and kVAh based energy charges should be introduced for such consumers.

Commission's Analysis

10.19 As mentioned in para 3.98 of this Tariff Order, the proposed re-categorization of metered consumers having load greater than 20 kW in Non-domestic, State/ Central Government departments, LT Public water works and LT industrial supply consumer categories has not been considered for the time being as the requisite infrastructure for introduction of kVAh based energy charges has not been put in place. In absence of requisite infrastructure, shifting from kWh based energy charges to kVAh based energy charges, the impact of improvement in power factor cannot be recorded correctly. Accordingly, the proposal of introduction of separate consumer slab for connected load greater than 20 kW for Non-domestic, State/ Central Government departments, LT Public water works and LT industrial supply consumer categories has been kept pending for the time being by the Commission.

10.20 However, in certain consumer categories such as domestic (metered) and non-domestic (metered), the Commission is of the view that it is essential to rationalize the existing consumption slabs through appropriate re-categorization/ re-classification:

(a) *Domestic (metered):* The Commission has carved out separate category for BPL consumers as mentioned in para 10.16 of this Order. Further, the existing consumption slabs have been reclassified in order to provide benefit of lower tariff for consumers having less consumption and higher tariff for consumers having higher consumption. However, it should be noted as the existing tariffs are telescopic in nature, the benefit of lower tariff for consumption is available to all consumers. The following table summarizes the approved consumption slabs for domestic (metered) category.

Table 79: Approved Consumption slabs for Domestic (metered) category

Existing Consumption slabs as per Tariff Order dated 16th April 2012	Approved Consumption slabs by Commission for FY 2013-14
Consumption slabs	Consumption slabs
No separate BPL Category	BPL Category (consumption upto 30 units/month)
-	**Consumers other than BPL Category**
Upto 30 units/month	Upto 100 units/month
31 - 100 units/month	101 - 200 units/month

101 - 200 units/month	201- 400 units/month
Above 200 units/month	Above 400 units/month

(b) *Non-domestic (metered):* Similarly for the non-domestic consumers, the existing consumption slabs have been reclassified in order to provide benefit of lower tariff for consumers having less consumption and higher tariff for consumers having higher consumption. However, it should be noted as the existing tariffs are telescopic in nature, the benefit of lower tariff for consumption is available to all consumers.

Table 80: Approved Consumption slabs for Non-Domestic (metered) category

Existing Consumption slabs as per Tariff Order dated 16th April 2012	Approved Consumption slabs by Commission for FY 2013-14
Consumption slabs	Consumption slabs
Upto 100 units/month	Upto 100 units/month
101 - 100 units/month	101 - 200 units/month
Above 200 units/month	201- 300 units/month
-	Above 300 units/month

10.21 In addition to above, consumers having load upto 10 HP in case of agriculture and LT industry in rural and unorganized sector have been carved out as separate category. As these consumers have seasonal consumption, there consumption would remain below 10 HP during most months in a year. Hence, in order to provide relief to such consumers from higher tariffs for all around the year, even though their load/consumption is lower than 10 HP, the Commission has approved lower fixed charges for such consumers. Further, in case the load/consumption increases above 10 HP during any month, they would be charged at rates applicable for higher slab.

10.22 The approved tariff structure based on re-categorization/re-classification of consumer slabs for each consumer category has been detailed out in Section A12: Tariff Design of this Tariff Order.

Treatment of Revenue Gap

10.23 As shown in Table 76 in this Order, the approved revenue from existing tariffs leaves a revenue gap of Rs.2,087.14 Cr for FY 2013-14. As the revenue gap is very high, the Commission has approved an average tariff hike only to partially bridge/reduce the revenue gap. The unmet revenue gap is proposed to be met through financial assistance from State Government as proposed by the Petitioner.

10.24 As per the Commission's approach for fixation of retail tariffs and allowance of zero losses, the Commission has approved the average tariffs across various consumer categories. The Commission has allowed an average tariff of Rs. 3.56/ kWh for FY 2013-14 which is an increase of approximately 8.5% in comparison to the existing tariff as against the proposed hike of 13.53% (re-worked to 15.56%) by the Petitioner. The following table summarizes the category-wise average tariffs at existing rates, average tariffs at proposed rates and proposed tariff hike as submitted by Petitioner and as approved by the Commission.

Table 81: Category-wise Average Tariffs for FY 2013-14 as proposed by Petitioner and as approved by the Commission

Consumer Category	Proposed by the Petitioner			Approved by the Commission		
	Average Rate @ Existing Tariffs # *(Rs/kWh)*	Average Rate @ Proposed Tariffs *(Rs/kWh)*	% Increase	Average Rate @ Existing Tariffs # *(Rs/kWh)*	Average Rate @ Proposed Tariffs # *(Rs/kWh)*	% Increase
Domestic	2.13	2.33	10%	2.16	2.34	8%
Non-Domestic	3.37	3.67	9%	3.42	3.84	12%
State/ Central Govt. Dept.	6.31	7.26	15%	6.15	6.27	2%
Agriculture	3.08	3.43	11%	3.03	3.40	12%
Public Street Lighting	4.68	5.27	13%	4.65	5.04	8%
LT Public Water Works	3.91	4.39	15%	3.67	3.97	8%
HT Public Water Works	4.34	4.99	15%	4.48	5.15	15%
LT Industrial	2.97	3.42	15%	2.98	3.35	12%
HT Industrial	3.11	3.73	20%	3.67	4.00	9%
HT PIU	3.52	4.22	20%	4.14	4.65	12%
Bulk Supply	3.07	4.88	20%	4.91	5.28	8%
Average Rate	**3.18#**	**3.61**	**13.53%#**	**3.28**	**3.56**	**8.5%**

The average rate at existing tariffs proposed by JKPDD-D is Rs.3.18/kWh which is over-stated due to wrong computation of revenue from MMC in case of Domestic (metered) and Agriculture (metered) consumer category. The revenue from existing tariffs is over-stated by Rs.26.63 Cr in case of Domestic (M) and by Rs.3.98 Cr in case of Agriculture (M) category due to wrong computation of revenue from MMC. The corrected revenue from existing tariffs is estimated at Rs.1,712.68 Cr (i.e. Rs.1,743.28 Cr less Rs.26.63 Cr less Rs 3.98 Cr). Corrected average rate at existing tariffs for domestic (M), agriculture (M) and total for JKPDD-D works out to be Rs.1.88/kWh, Rs.1.39/kWh and Rs.3.13/kWh, respectively. Accordingly proposed hike is also re-calculated for domestic (M), agriculture (M) and total for JKPDD-D to be 20%, 19% and 15.56%, respectively.

10.25 Against the proposed total revenue demand projected at Rs.1,979.23 Cr by JKPDD-D, the Commission has approved total revenue demand at Rs.1,872.71 Cr at the approved tariffs (as detailed in Section A12: Tariff Design of this Order) and approved sales figures for FY 2013-14 (as detailed in Section A6: Review of Sales Projections & T&D Losses of this Order). The following table summarizes the category-wise revenue demand as proposed by Petitioner and approved by the Commission.

Table 82: Proposed & Approved Revenue Demand (Rs Cr) for FY 2013-14

Consumer Categories	Proposed by Petitioner	Approved by Commission
Domestic	498.83	481.94
Non-Domestic/ Commercial	213.70	209.40
State/Central Govt. Dept.	387.62	327.42
Agriculture	105.57	99.84
Public Street Lighting	20.06	17.95
LT Public Water Works	196.29	163.21
HT Public Water Works	51.07	52.21
LT Industrial Supply	134.75	126.65

Consumer Categories	Proposed by Petitioner	Approved by Commission
HT Industrial Supply	242.93	258.58
HT-PIU Industrial Supply	53.36	54.40
General Purpose/ Bulk Supply	75.05	81.10
Total	**1,979.23**	**1,872.71**

10.26 The revenue gap for FY 2013-14 based on the approved values of gross ARR and the tariff as proposed by Petitioner and approved by the Commission has been summarized in the following table.

Table 83: Proposed and Approved Revenue Gap for FY 2013-14 (Rs. Cr)

Description	Proposed by Petitioner	Approved by Commission
Approved ARR	5179.63	3813.90
Revenue Realization	1,900.06*	1,872.71**
Revenue Gap	**3,279.57**	**1,941.19**

*At proposed collection efficiency of 96%; **Considering collection efficiency at 100% including recovery of past arrears

10.27 At the approved tariff the average gap with respect to the average cost of supply based on approved losses (of 45.26%) of Rs.7.25/kWh comes to Rs.3.69/kWh which indicate dependence on subsidy/ Government support to the extent of 51%. Consumer category wise tariff is compared with the average cost of supply indicating the Government/ Subsidy dependence in the table provided below:

Table 84: Average CoS and Approved Average Tariff for FY 2013-14

Consumer Categories	Approved Average CoS at approved loss level	Approved Average Tariff	Gap	Gap
	Rs/kWh	Rs/kWh	Rs/kWh	%
Domestic	7.25	2.34	4.91	68%
Non-Domestic/ Commercial	7.25	3.84	3.41	47%
State/Central Govt. Dept.	7.25	6.27	0.98	14%
Agriculture	7.25	3.40	3.85	53%
Public Street Lighting	7.25	5.04	2.21	30%
LT Public Water Works	7.25	3.97	3.28	45%
HT Public Water Works	7.25	5.15	2.10	29%
LT Industrial Supply	7.25	3.35	3.90	54%
HT Industrial Supply	7.25	4.00	3.25	45%
HT-PIU Industrial Supply	7.25	4.65	2.60	36%
General Purpose/ Bulk Supply	7.25	5.28	1.97	27%
Average	**7.25**	**3.56**	**3.69**	**51%**

10.28 The approved revenues consider an approved T&D loss level of 45.26% (corresponding to approved distribution loss level of 43% and transmission loss level of 4%) for FY 2013-14 as approved by the Commission in its Order dated 22nd March 2013 for approval of Business Plan for JKPDD-D for MYT Control period from FY 2013-14 to FY 2015-16.

10.29 It may be noted that the Commission has designed the tariffs for various categories with an objective of gradually reducing the cross subsidy with respect to average cost of supply. Accordingly, the Commission has gradually increased the coverage of average Cost of supply through category-wise average tariffs. The following table summarizes the category-wise percentage of Average CoS at approved loss level of 45.26% covered through average tariff based on existing rates and approved rates.

Table 85: Average Tariff as proportion of Average Cost of Supply for FY 2013-14

Category	Average tariff at existing rates as proportion of Average CoS (%)	Average tariff at approved rates as proportion of Average CoS (%)
Domestic	30%	32%
Non-Domestic/ Commercial	47%	53%
State/Central Govt. Dept.	85%	87%
Agriculture	42%	47%
Public Street Lighting	64%	70%
LT Public Water Works	51%	55%
HT Public Water Works	62%	71%
LT Industrial Supply	41%	46%
HT Industrial Supply	51%	55%
HT-PIU Industrial Supply	57%	64%
General Purpose/ Bulk Supply	68%	73%
Total	**45%**	**49%**

10.30 As a way forward, the Commission, here, would like to point out that JKPDD-D could increase their revenue collection by being more efficient in bringing down the T&D loss levels during the MYT Control period by resorting to measures suggested in the Section A14: A Way Forward of this Order. For instance, if JKPDD brings down the loss level by 1% from the approved loss level of 46.76% (FY 2012-13), they will be able to generate greater energy sales, resulting in additional revenue to the tune of Rs.34.21 Cr.

10.31 The revenues at the approved tariffs at different levels of T&D losses are provided below for demonstration:

Table 86: Revenues at different loss levels (Estimated for FY 2013-14)

Particulars	Approved	Loss levels for demonstration		
T&D Loss Level	**45.26%**	**40.00%**	**30.00%**	**15.00%**
Energy Input (MU)	9,614	9,614	9,614	9,614
Sales in MU	5,263	5,769	6,730	8,172

Revenue (Rs. Cr.)*	1,872.71	2,052.66	2,394.77	2,907.93
Average Tariff (Rs./ kWh)	3.56	3.56	3.56	3.56
Average CoS	7.25	6.61	5.67	4.67
Gap (Rs./ kWh)	**3.69**	**3.05**	**2.11**	**1.11**

* At average tariff rate based on approved Tariffs

A11: TARIFF PHILOSOPHY

11.1 The tariff philosophy provided in the order is based on the methodology provided in the ARR & Tariff Orders as approved by the Commission in its previous Tariff Orders for FY 2009-10, FY 2010-11, FY 2011-12 and FY 2012-13.

11.2 The Commission is mandated to work within the framework of the Jammu & Kashmir Electricity Act, 2010 which requires it to be guided by the following aspects during the fixation of tariff:

(a) the generation, transmission, distribution and supply of electricity are conducted on commercial principles ;

(b) the factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments ;

(c) safeguarding of consumers' interest and at the same time, recovery of the cost of electricity in a reasonable manner ;

(d) the principles rewarding efficiency in performance ;

(e) that the tariff progressively, reflects the cost of supply of electricity and also reduces cross subsidies within the period to be specified by the Commission.

11.3 The Commission has issued the 'J&KSERC (Multi Year Distribution Tariff) Regulations, 2012' which lays down the principles to be followed during the tariff setting process for each year of the MYT Control period.

Cost to Serve

11.4 The cost based tariff provides a direct indication to consumers, of the costs involved in supply of power. The Commission intends to continue to modify the tariff structure and the tariff levels based on the applicable cost to serve for each category of consumer and the voltage at which the electricity is supplied. Even though the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012, provide for computation of cost of supply for each consumer category, the Commission is severely constrained by the lack of reliable data, and hence determine tariffs for various categories based on the average cost of supply, till such time as detailed data is made available.

11.5 Further, the Commission directs JKPDD-D to undertake a Cost of Supply study along with energy accounting at all voltage level (not just 11 kV and above) to estimate the actual cost to serve for each consumer category and submit the report by 30th September 2013.

11.6 In this Tariff Order the Commission has provided rebate to consumers who choose to avail power at higher voltages in certain consumer categories.

Mechanism for sharing of gains or losses

11.7 In accordance with the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012, the Commission is moving towards the performance-based regulation focusing on outputs and performance of the utility and not on the actual costs incurred for achieving the same. Under this approach, the revenue requirement is determined on the basis of the efficiency norms set by the Commission for the entire MYT Control period, and not on the basis of actual costs incurred. The expenditure and rate of return are linked to performance targets set by the Commission to measure efficiency gains.

11.8 Further in line with the Regulation 11 of the above mentioned regulations, the Commission shall allow sharing of gains or losses in case of over/under achievement in targets for AT&C losses. AT&C losses are determined on basis of T&D losses and collection efficiency, hence any gain/loss incurred w.r.t to T&D loss reduction & improvement collection efficiency would be shared in ratio of 1:2 between beneficiaries and utility.

Time-of-Day Tariff

11.9 The load curve of the State shows a peak in demand during the evening, which is met through power purchases from high cost sources such as gas/ diesel/ naphtha based generation plants, traders, the Unscheduled Interchange (UI) pool, etc. which are generally more expensive as compared to the base load stations.

11.10 This increase in the power purchase costs leads to a higher cost of supply during the peak load hours. The Regulation 36 of the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 provides for implementation of Time-of-Day (TOD) tariffs as an instrument to provide signals to consumers and help the utility in maintaining a better system profile. The relevant extract has been summarized below:

"(3) The time of day tariff would be structured across three time slabs to denote normal, peak and off-peak periods. The time periods would vary according to different seasons of the year i.e. summer, winter and the monsoon season. The peak tariff would be 20%-30% higher than the normal tariff and the off-peak tariff would be priced 15%-20% lower than the normal tariff, as and when time of day tariff is introduced.

(4) Time of Day tariff shall be introduced in a phased manner, wherein in phase 1 it would be compulsory for HT Consumers, in phase 2 – compulsory for LT consumers consuming more than 25 KW and in phase 3 compulsory for LT consumers consuming more than 10 KW.

(5) The peak and off-peak hours during seasons shall be as notified by the State Load Desptach Centres in advance."

11.11 Also in its previous Tariff Orders, the Commission had stated that before introducing TOD tariff in the state, the Petitioner should collect and analyze relevant data on demand pattern of various categories at different hours of the day and submit a detailed implementation plan for implementation of Time-of-Day tariff. However, the Petitioner has not yet submitted any such study or any implementation plan to the Commission. The Commission again directs the Petitioner to submit a copy of report for assessment of TOD tariffs before 30th September 2013.

Single Part v/s Two Part Tariff

11.12 As stated in Para 10.5 to 10.9 of this Tariff Order, the Commission has adopted a two-part tariff structure for all metered consumer categories including domestic and agriculture consumers. Two-part tariff comprises of a fixed component (Rupees per kW/ KVA/ HP or per consumer) and a variable component (Rupees per kWh). Two-part tariffs have replaced single part tariffs in most parts of the country, primarily due to the following reasons:

(a) The utility can recover its fixed expenses (on fixed charges on power purchase, employee cost, interest etc.) incurred even when the consumer is not consuming electricity.

(b) Consumers are charged for each unit of electricity consumed, thereby providing a direct incentive to save electricity.

(c) The utility is encouraged to improve its metering and billing systems, as the removal of minimum charges ensures recovery of only the billed amounts.

(d) The consumer is encouraged to declare his connected load correctly.

kVAh Tariff

11.13 Electric power has two components – the working component (kW) and the magnetizing component (kVAR), which combine to form the apparent power (kVA). The active power is equal to the apparent power in the system when the power factor is unity (1). The power factor of the system is governed by the load characteristic and the system configuration, with the former being the dominant player. Usually system design incorporates steps to enhance power factor through installation of capacitor banks, transposing of transmission lines, etc.

11.14 It is essential to encourage consumers to use power efficiently and have a power factor close to 1. This can be achieved either through power factor based incentives and penalties or by billing consumers on the apparent power consumed (kVAh) instead of the real power consumed (kWh). The Commission believes that kVAh based tariff is a better approach due to the reasons of greater transparency, reduced likelihood of occurrence of errors and reduced administrative burden on the utility.

11.15 The Commission had introduced kVAh tariffs in the first phase for all consumers at 11 kV and above. The Commission is of the opinion that kVAh based tariff should gradually be extended to all three phase consumers after suitable tri-vector meters are installed.

A12: TARIFF DESIGN

Domestic Supply

Applicability

12.1 The Commission has fixed the applicability of the domestic tariff for supplies pertaining to domestic premises, religious institutions, group housing societies, orphanages, old-age and infirm homes, charitable institutions providing services free of cost or on nominal charges, post offices at residences of villagers and residential premises of architects, engineers, advocates, doctors, teachers, artists, weavers, stitching and embroidery workers occupying not more than 20% of built up area for respective professional purposes.

Character of Services

(a) Alternating current (A.C.) 50 Hz, 230 Volts, for Single-phase upto a load of 5 kW

(b) A.C, 50 Hz, three phase, 400 volts for load above 5 kW upto 100 kW (115 kVA)

12.2 In the metered category, JKPDD-D has proposed an increase in the energy charges, while it has proposed to discontinue Minimum Monthly Charges and introduce Fixed charges:

(a) The proposed hike in the Energy Charges for the metered domestic consumers considers an increase of nearly 7% in comparison to the existing tariffs in each of the slabs.

(b) Implementation of fixed charges results in overall proposed hike of 20% in domestic metered category.

12.3 In the Flat rate tariffs for the domestic category, JKPDD has proposed zero tariff hike for connections with connected load of up to ¼ kW and 15% (on an average) for the remaining slabs/ loads.

12.4 The Commission has approved an overall increase of 5% in the Energy Charges for metered Domestic consumers for FY 2013-14. Further, as provided in para 10.9, the Commission has accepted the proposal of discontinuing the Minimum Monthly Charges (MMC) and introduced two part tariff for Domestic category comprising of fixed and variable charges. The variable charge in the two part tariff system is to be applied to the actual energy consumption recorded on the basis of energy meters installed at the consumer premises, while fixed charges are to be recovered on the basis of contracted demand.

12.5 In addition to above, the Commission has carved out a separate BPL consumer category within the domestic metered consumer category to provide relief to the socio-economic backward consumers. This category would be charged at the existing energy charges for domestic (metered) category having consumption upto 30 units/ month i.e. Rs.1.19 per kWh and a nominal fixed charge of Rs.5 per kW per month. It should be noted that only those consumers will be included in the BPL category who would submit a BPL certificate from the Competent Authority of the State Government. In case consumption within this category exceeds beyond 30 units/ month, the consumption over and above 30 units/ month would be charged as per the applicable rates for domestic (metered) category in accordance with the relevant consumption slab.

12.6 The Commission has also rationalized the tariff structure of the Domestic category and revised slabs have been introduced such that higher consumption is billed at higher rates, which promotes economic utilization of power.

12.7 In order to discourage Flat Rate tariffs and to encourage consumers to shift on to the metered connection and billing regime, the Commission has approved a higher tariff increase in all the slabs in the Flat Rate tariff for the domestic consumers. The Commission has approved a 10% hike in the various slabs in the Domestic Category Flat rate tariffs.

12.8 The existing, proposed and approved tariff for Domestic consumer category is shown in the table below:

Table 87: Tariff Structure - Domestic Supply

Description	Existing Tariff	Proposed Tariff	Description	Approved Tariff
Below Poverty Line (Consumption upto 30 units/month)			**Below Poverty Line (Consumption upto 30 units/month)**	
Energy charges (Rs./kWh)	-	-	Energy charges (Rs./kWh)	1.19
Fixed Charges (Rs./kW / month)	-	-	Fixed Charges (Rs./kW or part thereof / month)	5.00
Metered Consumers			**Metered Consumers**	
Energy Charges for Metered Connection (Rs. / kWh)			Energy Charges for Metered Connection (Rs. / kWh)	
upto 30 units/month	1.19	1.19	upto 100 units/ month	1.54
31-100 units/month	1.54	1.65		
101-200 units/month	1.90	2.03	101- 200 units /month	2.00
> 200 units/month	2.91	3.11	201 - 400 units /month	3.00
			> 400 units /month	3.20
Minimum Charges for connected load (Rs./month)			Minimum Charges for contracted load (Rs./month)	
upto 1/4 kW	15.00	Nil	upto 1/4 kW	Nil
above 1/4 kW upto 1/2 kW	25.00	Nil	above 1/4 kW upto 1/2 kW	Nil
above 1/2 kW upto 1 kW	40.00	Nil	above 1/2 kW upto 1 kW	Nil
Above 1 kW for every 250 W, or part thereof	10.00	Nil	Above 1 kW for every 250 W, or part thereof	Nil
Fixed Charges (Rs./kW / month)			Fixed Charges for contracted load (Rs./kW or part thereof / month)	
upto 1/4 kW	Nil	15.00	For all units	5.00

above 1/4 kW upto 1/2 kW	Nil	27.00		
above 1/2 kW upto 1 kW	Nil	43.00		
Above 1 kW for every 250 W, or part thereof	Nil	11.00		
Un-metered Consumers			**Un-metered Consumers**	
Flat Rate (Rs. / month)			Flat Rate (Rs. / month)	
upto 1/4 kW	89	89	upto 1/4 kW	89
above 1/4 kW upto 1/2 kW	260	299	above 1/4 kW upto 1/2 kW	295
above 1/2 kW upto 3/4 kW	397	457	above 1/2 kW upto 3/4 kW	445
above 3/4 kW upto 1 kW	534	614	above 3/4 kW upto 1 kW	585
above 1 kW upto 2 kW	1,041	1,197	above 1 kW upto 2 kW	1,145
above 2 kW	Rs. 1,041 + Rs.451 for every additional ½ kW or part thereof above 2 kW	Rs. 1,197 + Rs.483 for every additional ½ kW or part thereof above 2 kW	above 2 kW	Rs. 1,145 + Rs.460 for every additional ½ kW or part thereof above 2 kW

12.9 Group housing societies can avail single point power supply. The energy bill of a housing society shall be divided by the number of houses in it, to determine the consumption in each house. If there are 10 houses in a society the consumption shall be charged in the following manner: The first 1000 (100 x 10) units would be charged at Rs 1.54/unit; the next 1000 (100 x 10) units at Rs 2.00/unit; next 2000 (200 x 10) units at Rs 3.00/unit and the remaining units at Rs 3.20/unit along with fixed charges for entire load at Rs.5 per kw per month.

12.10 Any matter regarding supply to Group Housing societies should be as per the Regulations laid down in J&KSERC (Supply Code) Regulations, 2011;

"4.120. The consumer shall not supply any energy supplied to him by the Licensee to another person or other premises unless he holds a suitable sanction or licence for distribution and sale of energy granted by the Commission/State Government or has been exempted by the Commission from holding license for sale.

4.121. In case of commercial, office or residential complexes including residential complexes constructed by an employer for his employees, where power supply is availed originally in the name of the builder or promoter of the complex and who subsequently transfers the ownership of the complex, either entirely, to different individuals or partly to different individuals retaining the balance for lease, the power supply may be continued in the following methods.

i) The builder or promoter of the complex in whose name the supply continues, is permitted to extend power supply to the individual owners of the flats etc. or to the lessee by installing sub-meters and to collect the cost of consumption of power from them on no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension of supply or resale of energy.

ii) In case the promoter or builder of the complex does not wish to have any stake in the complex after promoting the complex, the service connection originally availed may be permitted to be transferred in the name of an Association or Society that may be formed in the complex and registered and the service agency so formed is permitted to extend supply to the individual owners of the flats etc. or lessees by installing sub-meters and to collect the cost for consumption of power from them on a no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension or resale of energy.

Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category.

4.122 A panchayat/ cooperative or a registered association of consumers may apply for supply of electricity to a group of consumers at a single point. In such cases, the body that has taken the connection shall be responsible for all payments of electrical charges to the Licensee and for collection from the consumers. Provided that the provisions of this clause shall not in any way affect the right of a person residing in the housing unit sold or leased by such a Cooperative Group Housing Society to demand supply of electricity directly from the distribution licensee of the area. Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category."

Non-Domestic/ Commercial Supply

Applicability

12.11 This tariff category shall be applicable to the following: shops, showrooms, business houses, offices, educational/ technical institutions, clubs, meeting halls, places of public entertainment, hotels, cinemas, hospitals, dispensaries, clinics, nursing homes, X-ray units, diagnostic centers, pathological labs, fisheries, aqua-culture, sericulture, dairy, hatcheries, printing presses (other than those qualifying to be charged under the LT industrial supply category), milk chilling centers, poultry farms, cattle breeding farms, nurseries, plantations, mushroom growing, carpenters and furniture makers, juice centers, hoardings and advertisement services, typing institutes, internet cafes, STD/ ISD PCO's, FAX/ photocopy shops, tailoring shops, photo studios and color labs, laundries, cycle shops, compressors for filling air, restaurants, eating establishments, guest houses, marriage gardens, welding transformer and lathe machines for repair works and services, book binders, petrol pumps and service stations, lifts and other appliances in shopping centers and offices, tourist house boats, and similar other establishments.

12.12 In addition, any connection not covered under the other categories shall be billed under this category. However, this would exclude connections pertaining to State/ Central Government or Defence services, which have been included in a separate category.

Character of Services

(a) AC, 50 Hz, 230 Volts, Single-phase upto a load of 5 kW.

(b) AC, 50 Hz, three phase, 400 volts supply for load above 5 kW upto 100 kW (115 kVA).

12.13 JKPDD-D has proposed an increase of around 6-7% in the energy charges for all slabs for Single Phase and three phase connections. Further, in case of consumers having connection at three phase and connected load > 20 kW, the Petitioner has proposed kVAh based energy tariffs. The fixed charge for Single Phase and Three Phase consumers are proposed to increase by 10% and an increase in the range of 11% has been proposed in the Flat Rate tariff across slabs.

12.14 The Commission has approved an increase of 12% in the Energy Charges and Fixed Charges for FY 2013-14 for the metered connections in the Non-Domestic Category. Further, as provided in the Section A10: of this Order relating to Tariff Rationalization, the Commission has rationalized the tariff structure of the Non-Domestic category and revised slabs have been introduced such that higher consumption is billed at higher rates, which promotes economic utilization of power.

12.15 In order to discourage Flat Rate tariffs and to encourage consumers to shift on to the metered connection and billing regime, the Commission has approved a higher tariff increase of 15% in the Flat Rate tariff for the Commercial/ Non-Domestic consumers.

12.16 The tariff for the Non-Domestic/ Commercial consumer category is provided in the table below:

Table 88: Tariff Structure - Non Domestic/ Commercial Supply

Description	Existing Tariff	Proposed Tariff	Description	Approved Tariff
Metered Non-Domestic Tariff			**Metered Non-Domestic Tariff**	
Energy Charges (Rs./kWh)			Energy Charges (Rs./kWh)	
Single Phase			Single Phase	
Upto 100 units/month	2.31	2.31	Upto 100 units/month	2.55
101 to 200 units/month	2.44	2.68	101 to 200 units/month	2.70
> 200 units/month	3.53	3.88	201 to 300 units/month	3.90
			> 300 units /month	4.20
Three Phase			Three Phase	
For all units (with Connected Load <=20 kW)	4.11	4.52	For all units	4.55
For all units (with Connected Load > 20 kW)		4.52*		
** kVAh charges are proposed by the Petitioner*				
Fixed Charges (Rs. / kW / month) #			Fixed Charges (Rs. / kW / month) #	
Single Phase	39.00	43.00	Single Phase	40.00
Three Phase	90.00	99.00	Three Phase	95.00

 # 1. For the purpose of application of Fixed charges, Load (in kW) to be rounded off to the next 1/2 kW. (Example: 0.25 kW to be charges as 0.5 kW and 1.2 kW to be charged as 1.5 kW and so on).
2. For connections with sanctioned load below 100 kW (115 kVA) supplied and metered on HT, 5% rebate on energy charges of Non-Domestic/Commercial Tariff shall be allowed.

Un-Metered Non-Domestic Tariff			**Un-Metered Non-Domestic Tariff**	
Flat Rate Charges (Rs. / month)			Flat Rate Charges (Rs. / month)	
Upto 1/4 kW	251	251	Upto 1/4 kW	280
above 1/4 kW upto 1/2 kW	620	713	above 1/4 kW upto 1/2 kW	720
above 1/2 kW upto 1 kW	1,239	1,425	above 1/2 kW upto 1 kW	1,430
above 1 kW **	1,593	1,832	above 1 kW **	1,925
*** and part thereof for every kW above 1 kW*	*1,593*	*1,832*	*** and part thereof for every kW above 1 kW*	*1,925*

12.17 Any matter regarding supply to Commercial Complexes with Single Point Delivery/supply should be as per the Regulations laid down in J&KSERC (Supply Code) Regulations, 2011;

"4.120. The consumer shall not supply any energy supplied to him by the Licensee to another person or other premises unless he holds a suitable sanction or licence for distribution and sale of energy granted by the Commission/State Government or has been exempted by the Commission from holding license for sale.

4.121. In case of commercial, office or residential complexes including residential complexes constructed by an employer for his employees, where power supply is availed originally in the name of the builder or promoter of the complex and who subsequently transfers the ownership of the complex, either entirely, to different individuals or partly to different individuals retaining the balance for lease, the power supply may be continued in the following methods.

i) The builder or promoter of the complex in whose name the supply continues, is permitted to extend power supply to the individual owners of the flats etc. or to the lessee by installing sub-meters and to collect the cost of consumption of power from them on no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension of supply or resale of energy.

ii) In case the promoter or builder of the complex does not wish to have any stake in the complex after promoting the complex, the service connection originally availed may be permitted to be transferred in the name of an Association or Society that may be formed in the complex and registered and the service agency so formed is permitted to extend supply to the individual owners of the flats etc. or lessees by installing sub-meters and to collect the cost for consumption of power from them on a no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension or resale of energy.

Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category.

4.122 A panchayat/cooperative or a registered association of consumers may apply for supply of electricity to a group of consumers at a single point. In such cases, the body that has taken the connection shall be responsible for all payments of electrical charges to the Licensee and for collection from the consumers. Provided that the provisions of this clause shall not in any way affect the right of a person residing in the housing unit sold or leased by such a Cooperative Group Housing Society to demand supply of electricity directly from the distribution licensee of the area. Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category."

State/ Central Government Departments

Applicability

12.18 The Commission has fixed the applicability of the State/ Central Government department category to connections taken by Departments of the State and the Central Governments, defense and para-military forces, excluding public sector enterprises/ undertakings.

12.19 This shall not include connections taken for agricultural purposes, water pumping and street lighting by the State Government Departments for which tariffs provided in the appropriate tariff schedules shall apply.

Character of Services

(a) AC, 50 Hz, 230 Volts; Single-phase upto a load of 5 kW

(b) AC, 50 Hz, three phase; 400 volts supply for sanctioned load above 5 kW upto 100 kW (115 kVA)

(c) AC, 50 Hz, three phase; 11 kV supply for sanctioned load above 100 kW (115 kVA) upto 1 MVA

(d) AC, 50 Hz, three phase; 33 kV and above supply for sanctioned load above 1 MVA

12.20 JKPDD-D has proposed an increase of 15% in energy charges and fixed charges for the State/ Central Government Departments tariff category. Further, JKPDD-D has proposed to charge kVAh based energy charges for all consumers supplied at LT and having connected load > 20 kW.

12.21 The average tariff for State/Central Government Department is approximately 85% of average cost of supply at approved T&D loss level (45.26%) and 155% of average cost of supply at Zero loss level. Accordingly, the Commission has approved a nominal increase of 2% in the Energy Charges and Fixed Charges for FY 2013-14 for this category.

12.22 The tariff for State/ Central Government Departments category is shown in the table below:

Table 89: Tariff Structure - State/ Central Government Departments

Description	Existing Tariff	Proposed Tariff	Approved Tariff
Energy Charges (Rs./ kWh)			
For LT Supply (connected load <= 20 kW)	6.20	7.13	6.30
For LT Supply (connected load > 20 kW)		7.13*	
For 11 kV Supply	2.5% rebate on energy charges	2.5% rebate on energy charges	2.5% rebate on energy charges
For 33 kV and above Supply	5.0% rebate on energy charges	5.0% rebate on energy charges	5.0% rebate on energy charges
** kVAh charges are proposed by the Petitioner*			
Fixed Charges (Rs./ kW/ month) #			
For metered consumers	25	29	30
# For the purpose of application of Fixed charges, Load (in kW) to be rounded off to the next whole number.			

Agricultural Supply

Applicability

12.23 The Commission has fixed applicability of the agricultural tariff to agricultural loads and lift irrigation connections including threshers. This is also applicable to State Govt. lift irrigation and pumping loads in this category.

Character of Services

(a) AC, 50 Hz, 230 Volts, Single-phase upto a load of 5 kW (6.70 HP)

(b) AC, 50 Hz, three phase, 400 volts supply for sanctioned load upto 100 kW (134 HP)

(c) AC, 50 Hz, three phase, 11kV supply for sanctioned load above 100 kW (134 HP) upto 1 MVA

(d) AC,50 Hz, three phase, 33/66kV supply for sanctioned load above 1 MVA

12.24 JKPDD-D has proposed an increase of 6% in energy charges, while minimum charges for the metered agricultural consumers have been proposed to be discontinued. A fixed charge has been introduced in the metered category. Accordingly, average increase proposed in agriculture metered category is 19%. Further, an increase of 14% is proposed in the flat rate charges for the agricultural consumers.

12.25 The Commission has approved an increase of 8% in the Energy Charges for metered consumers for FY 2013-14. Further, as detailed out in the Section A10: and A11: of this Order relating to Tariff Rationalization and Tariff Philosophy, the Commission has discontinued Minimum monthly charges (MMC) and introduced two part tariff for Agriculture metered category comprising of fixed and variable charges. The variable charge in the two part tariff system is to be applied to the actual energy consumption recorded on the basis of energy meters installed at consumer premises.

12.26 To discourage Flat Rate tariffs and to encourage consumers to shift on to the metered connection and billing regime, the Commission has approved a tariff increase of nearly 10% in all the slabs in the Flat Rate tariff for the agricultural consumers.

12.27 In addition to above, the Commission has introduced Slab for consumption upto 10 HP in order to provide relief to all consumers in rural areas and having seasonal demand.

12.28 The tariff schedule for agricultural consumers is shown in the table below:

Table 90: Tariff Structure - Agriculture Supply

Description	Existing Tariff	Proposed Tariff	Description	Approved Tariff
Metered Tariff			Metered Tariff	
Energy Charges (Rs./kWh) #			Energy Charges (Rs./kWh) #	
0 to 10 HP	0.64	0.64	0 to 10 HP	0.60
			11 to 20 HP	0.65
Above 20 HP	4.22	4.64	Above 20 HP	4.75
# 2.5% & 5% rebate on Energy Charges for connection at 11 kV and 33 kV and above respectively.				
Minimum Charges for connected load (Rs./HP/Annum)			Minimum Charges for connected load (Rs./HP/Annum)	
0 to 10 HP	250	Nil	0 - 10 HP	Nil
			11 to 20 HP	Nil
Above 20 HP	900	Nil	Above 20 HP	Nil
Fixed Charges for connected load (Rs/HP/month)			Fixed Charges for connected load (Rs/HP/month)	
0 to 10 HP	Nil	21	0 - 10 HP	15
			11 to 20 HP	20
Above 20 HP	Nil	83	Above 20 HP	40
Flat Rate Un-metered for connected load (Rs./HP/ month)			Flat Rate Un-metered for connected load (Rs./HP month)	
0 to 10 HP	168	168	0 - 10 HP	185
			11 to 20 HP	200
Above 20 HP	1,168	1,343	Above 20 HP	1,275

Public Street Lighting

Applicability

12.29 The tariffs for this category will be applicable to public street lighting established and maintained by Corporations, Municipalities, Town Area/ Notified Area Committees, other local bodies and agencies authorized by the State Government to establish and maintain public street lighting.

Character of Services

(a) AC, 50 Hz, 230 Volts, Single-phase upto a load of 5 kW;

(b) AC, 50 Hz, three phase, 400 volts supply for load above 5 kW.

12.30 JKPDD-D has proposed an increase of 10% in the energy charges and fixed charges for the metered consumers under this tariff category. An increase of 15% has been proposed in the flat rate tariff for the un-metered consumers under the category.

12.31 In line with its tariff philosophy, the Commission has approved a hike of 1% in the energy charges and fixed charges for metered consumers as the average tariff at existing rates already constitute 70% of average cost of supply at approved losses (45.26%) and 128% of average cost of supply at zero losses. The Commission has approved a higher average increase of 14% in flat rate consumers to deter un-metered sales.

12.32 The tariff structure for Public Street Lighting category is as shown in the table below:

Table 91: Tariff Structure - Public Street Lighting

Description	Existing Tariff	Proposed Tariff	Approved Tariff
Metered Tariff			
Energy Charge (Rs/kWh)			
For all units	4.96	5.46	5.00
Fixed Charge (Rs/kW/month) #			
For metered consumers	37	41	40
# For the purpose of application of Fixed charges, Load (in kW) to be rounded off to the next whole number.			
Flat Rate Un-metered Tariff (Rs./ kW/ month)			
For every kW per month or any part thereof	1,180	1,357	1,350

12.33 Municipalities/ Notified Area Committees/ Panchayats/ JKPDD-D may consider switching over to solar powered streetlights.

LT Public Water Works

Applicability

12.34 The tariffs for this consumer category shall apply to water works and sewerages/ drainage installations established and maintained by Corporations, Municipalities, Town Area/ Notified Area Committees, other local bodies and Government agencies authorized by the State Government to establish and maintain public water works/ sewerage installations.

Character of Services

(a) AC, 50 Hz, 230 Volts, Single-phase upto a load of 5 kW (6 kVA)

(b) AC, 50 Hz, three phase, 400 volts supply for sanctioned load upto 100 kW

12.35 JKPDD-D has proposed an increase of 15% in the energy charges and fixed charges respectively for the metered consumers under this tariff category. In addition, JKPDD-D has proposed kVAh based energy charges for all units with connected load > 20 kW. A similar increase of 15% in the flat rate tariff for un-metered consumers under this category has been proposed by JKPDD-D.

12.36 In line with its tariff philosophy, the Commission has approved an increase of 4% in the energy charges and fixed charges for metered consumers in this category. The Commission has approved a higher average increase of 17% in flat rate consumers to deter un-metered sales.

12.37 The tariff structure for LT Public Water Works is shown in the following table:

Table 92: Tariff Structure - LT Public Water Works

<table>
<tr><th>Description</th><th>Existing Tariff</th><th>Proposed Tariff</th><th>Approved Tariff</th></tr>
<tr><td>Metered Tariff</td><td></td><td></td><td></td></tr>
<tr><td>Energy Charge (Rs/kWh)</td><td></td><td></td><td></td></tr>
<tr><td>For all units (with connected load <= 20 kW)</td><td rowspan="2">5.35</td><td>6.15</td><td rowspan="2">5.55</td></tr>
<tr><td>For all units (with connected load > 20 kW)</td><td>6.15*</td></tr>
<tr><td colspan="3">* kVAh charges are proposed by the Petitioner</td><td></td></tr>
<tr><td>Fixed Charge (Rs/kW/month) #</td><td></td><td></td><td></td></tr>
<tr><td>For metered consumers</td><td>41</td><td>47</td><td>45</td></tr>
<tr><td colspan="4"># For the purpose of application of Fixed charges, Load (in kW) to be rounded off to the next whole number.</td></tr>
<tr><td>Flat Rate Un-metered Tariff</td><td></td><td></td><td></td></tr>
<tr><td>Rs. / kW /month</td><td>1,250</td><td>1,438</td><td>1,465</td></tr>
</table>

HT Public Water Works

Applicability

12.38 The tariffs for this consumer category shall apply to water works and sewerages/ drainage installations established and maintained by Corporations, Municipalities, Town Area/ Notified Area Committees, other local bodies and Government agencies authorized by the State Government to establish and maintain public water works/ sewerage installations.

Character of Services

(a) AC, 50 Hz, three phase; 11 kV supply for load upto 1 MVA.

(b) AC, 50 Hz, three phase; 33 kV and above supply for sanctioned load above 1 MVA.

12.39 JKPDD-D has proposed an increase of 15% in the tariff for the metered consumers at 11kV supply and for metered consumers at 33kV supply.

12.40 The Commission has also approved 15% hike in the energy charges and demand charges for connection at both 11 kV and 33 kV voltage levels.

12.41 The tariff for HT Public Water Works is shown in the following table:

Table 93: Tariff Structure - HT Public Water Works

Description	Existing Tariff	Proposed Tariff	Approved Tariff
Metered Consumers			
11 kV Supply			
Energy Charge (Rs./ kVAh) *	3.81	4.38	3.95
Demand Charge (Rs./ kVA/ Month) *^	210	242	220
** For Connections above 100 kW metered on LT, Additional 5% Surcharge on Demand and Energy Charges at 11 KV tariff shall be chargeable.* *^ Or part thereof on billing demand*			
33 kV and above Supply			
Energy Charge (Rs./ kVAh)	3.68	4.23	3.75
Demand Charge (Rs./ kVA/ Month) ^	204	235	210
^ Or part thereof on billing demand			

LT Industrial Supply

Applicability

12.42 The Commission has decided that LT industrial supply shall be applicable to all units registered with the Industries & Commerce Department, Government of J&K, and covered under the Factories Act. The list of entities covered shall include various industrial installations and workshops with manufacturing facilities, where raw materials are converted to finished goods. This shall mean and include all energy consumed in factory, offices, stores, canteen, compound lighting, etc. and the consumption for residential use therein.

Character of Services

(a) AC, 50 Hz, 230 Volts, single-phase upto a load of 5 kW.

(b) AC, 50 Hz, three phase, 400 volts supply for sanctioned load upto 100 kW

12.43 JKPDD-D has proposed an increase of 15% in the energy charges and fixed charges in the tariff for the metered consumers under this tariff category. In addition, JKPDD-D has proposed kVAh based energy charges for all units with connected load > 20 kW

12.44 The Commission has approved a hike of 12% in energy and fixed charges for this category. Further, as detailed out in the Section A10: of this Order relating to Tariff Rationalization, the Commission has introduced Separate category namely LTIS II in order to provide relief to "Atta Chakkis, Rice huskers, Oil expellers, cotton grinning, etc" in rural and unorganized sector having load upto 10 HP (7.46 kW). LTIS I would include all LT industrial consumers except those covered under LTIS II.

12.45 The approved tariff for the LT Industrial Category is shown in the table below.

Table 94: Tariff Structure - LT Industrial Category

Description	Existing Tariff	Proposed Tariff	Description	Approved Tariff
LTIS			LTIS I (for all consumers except those covered under LTIS II)	
Energy Charge (Rs/kWh) *			Energy Charge (Rs/kWh) *	
For all units (with connected load <= 20 kW)	2.65	3.05	For all units	3.00
For all units (with connected load > 20 kW)		3.05**		
*** kVAh charges are proposed by the Petitioner*				
Fixed Charges (Rs. /kW/month) ^			Fixed Charges (Rs. /kW/month) ^	
For metered consumers	43	49	For metered consumers	47
			LTIS II (for all metered consumers as mentioned in para 12.44 and having load upto 10 HP/ 7.46 kW)	
			Energy Charges (Rs./kWh) *	3.00
			Fixed Charges (Rs./kW/month) ^	20
** For Connections with sanctioned load below 100 kW supplied and metered on HT, 5% rebate on Energy Charges of the LT Industrial Tariff shall be allowed.*				
^ For the purposes of application of fixed charges, Load (in kW) to be rounded off to the next whole number.				

HT Industrial Supply

Applicability

12.46 The Commission has decided that HT industrial supply shall be applicable to all units registered with the Industries department, Government of J&K, and covered under the Factories Act. This shall mean and include all energy consumed in factory, offices, stores, canteen, compound lighting, etc. and residential use therein, excluding power intensive industries.

Character of Services

(a) AC, 3 phase; 50 Hz on 11 KV with sanctioned load above 100 kW upto 1 MVA

(b) AC, 3 phase; 50 Hz, 33 KV and above for sanctioned load of 1 MVA and above

12.47 JKPDD-D has proposed an increase of 20% in the fixed charges and energy charges for supply at the respective voltages.

12.48 An increase of 9% for the 11 kV and the 33 kV consumers has been approved on the applicable energy charges and demand charges for supply at all voltage levels in the category.

12.49 The tariff structure for HT industrial consumers is shown in the table below.

Table 95: Tariff Structure - HT Industrial Category

Description	Existing Tariff	Proposed Tariff	Approved Tariff
11 kV Supply			
Energy Charge (Rs./ kVAh) *	2.42	2.90	2.68
Demand Charge (Rs./ kVA/ Month) *^	127	152	130
** For Connections with sanctioned load above 100 kW metered on LT, Additional 5% Surcharge on Demand & Energy Charges at 11 KV tariff shall be chargeable;* *^ Or part thereof on Billing Demand*			
33 kV Supply			
Energy Charge (Rs./ kVAh)**	2.35	2.82	2.60
Demand Charge (Rs./ kVA/ month) ^	127	152	130
*** Rebate to Connections at higher voltages: For 66 kV – 1.5% on the Energy Charge for 33 kV Supply;* *^ Or part thereof on Billing Demand*			

(a) The billing demand for any month shall be taken to be the higher of the actual maximum recorded demand or 75% of the Contract Demand.

(b) The demand in excess of contracted load shall be billed in accordance with para nos. 13.9, 13.10 and 13.11 of the Section A13: Terms and Conditions of Tariff/ Definitions of this Order.

HT Industrial Supply for Power Intensive Industries

Applicability

12.50 The Commission has decided that HT Industrial Supply for Power Intensive Industries shall be applicable to all units registered with the Industries & Commerce Department, Government of J&K, and covered under the Factories Act. This category shall apply to HT consumers manufacturing any one of the following products and/ or industries engaged in any one or more of the processes listed below and/ or using induction/ arc furnaces. This shall mean and include all energy consumed in factory, offices, stores, canteen, compound lighting, etc. and the consumption for residential use therein.

(a) Calcium carbide

(b) Caustic soda

(c) Charge chrome

(d) Ferro manganese

(e) Ferro silicon

(f) Ferro alloys

(g) Potassium chlorate

(h) Silicon carbide

(i) Sodium chlorate

(j) Sodium metal

(k) Chlorates/ per chlorates

(l) Melting of metals and alloys

(m) Industries engaged in electro-chemical/ electro-thermal processes

(n) Industries using induction/ arc furnace

(o) In other cases, where the cost of power is more than 25% of the cost of the product manufactured.

Character of Services

(a) AC, 3 phase; 50 Hz, 11 KV upto 1 MVA

(b) AC, 3 phase; 50 Hz, 33 KV and above for load of 1 MVA and above

12.51 JKPDD-D has proposed an increase of 20% on the applicable energy charges and demand charges for supply at all voltage levels in the category.

12.52 An increase of around 12% has been approved by the Commission on the applicable energy charges and demand charges for supply at all voltage levels in the category.

12.53 The tariff for the power intensive industries is as shown in the table below:

Table 96: Tariff Structure: HT Industrial Supply for Power Intensive Industries

Description	Existing Tariff	Proposed Tariff	Approved Tariff
11 kV Supply			
Energy Charge (Rs./ kVAh)	2.83	3.40	3.21
Demand Charge (Rs./ kVA/ Month) ^	180	216	195
^ *Or part thereof on Billing Demand*			
33 kV Supply			
Energy Charge (Rs./ kVAh) *	2.77	3.32	2.98
Demand Charge (Rs./ kVA/ month) ^	174	209	190
* *Rebate to Connections at higher voltages: For 66 kV – 1.5% on the Energy Charge for 33 kV Supply;* ^ *Or part thereof on Billing Demand*			

(a) The billing demand for any month shall be taken to be the higher of the actual maximum recorded demand or 75% of the Contract Demand.

(b) The demand in excess of contracted load shall be billed in accordance with para nos. 13.9, 13.10 and 13.11 of the Section A13: Terms and Conditions of Tariff/ Definitions of this Order.

General Purpose Bulk Supply

Applicability

12.54 This category contains all non-industrial consumers having mixed type of load greater than 100 kW (115 kVA). This includes domestic consumers, offices, educational/ technical institutions, religious institutions, residential colonies, commercial establishments and other similar loads.

12.55 All connections having load of 100 kW or above and not covered in any other categories shall be billed under tariffs applicable to this category. However, any such connections belonging to State/ Central Governments, Defence and Para-military forces shall not be considered in this category.

Character of Services

(a) AC, 3 phase; 50 Hz on 11 KV upto 1 MVA.

(b) AC, 3 phase; 50 Hz on 33 KV and above .for load of 1 MVA and above

12.56 JKPDD-D has proposed an average increase of 20% for both 11 kV and 33 kV consumers on the applicable energy charges and demand charges.

12.57 An increase of 8% for both 11 kV and 33 kV consumers has been approved by the Commission on the applicable energy charges and demand charges.

12.58 The tariff structure for General Purpose Bulk Supply category of consumers is shown in following table:

Table 97: Tariff Structure - General Purpose Bulk Supply

Description	Existing Tariff	Proposed Tariff	Approved Tariff
11 kV Supply			
Energy Charge (Rs./ kVAh) *	3.50	4.20	3.78
Demand Charge (Rs./ kVA/ Month) *^	184	221	193
** For Connections above 100 kW metered on LT, Additional 5% Surcharge on Demand and Energy Charges at 11 KV tariff shall be chargeable; ^ Or part thereof on Billing Demand*			
33 kV Supply			
Energy Charge (Rs./ kVAh)**	3.31	3.97	3.62
Demand Charge (Rs./ kVA/ month) ^	178	214	187
*** Rebate to Connections at higher voltages: For 66 kV – 1.5% on the Energy Charge for 33 kV Supply; ^ Or part thereof on Billing Demand*			

(a) The billing demand for any month shall be taken to be the higher of the actual maximum recorded demand or 75% of the Contract Demand.

(b) The demand in excess of contracted load shall be billed in accordance with para nos. 13.9, 13.10 and 13.11 of the Section A13: Terms and Conditions of Tariff/ Definitions of this Order.

A13: TERMS AND CONDITIONS OF TARIFF/ DEFINITIONS

13.1 The terms and conditions for application of tariff for the year FY 2013-14 as approved by the Commission are provided below.

Terms and Conditions of Tariff

13.2 The utility shall provide single phase LT connections upto a load of 5 kW, beyond which all connections shall be three phase in nature.

13.3 The PDD-D may provide three phase connections to consumers with a load of less than 5 kW on request from the consumer accompanying justification for the same. Three phase tariff shall be applicable to all such connections.

Points of Supply

13.4 The tariff will be applicable to one point supply unless otherwise specified in the agreement between JKPDD and the consumer.

Minimum Agreement Period

13.5 The minimum period for which JKPDD shall provide a permanent connection for power supply to a consumer shall be two years. Any consumer applying for permanent disconnection of the supply before the expiry of two years, shall pay to the utility, guaranteed charges/ minimum charges/ demand charges for unexpired period of the agreement. However this condition of paying minimum charges can be relaxed for domestic and agriculture consumers.

Security Deposit

13.6 All matters regarding Security Deposits will be as per J&KSERC (Security Deposit) Regulation, 2008,

13.7 All the consumers shall at all times maintain with the utility / licensee an amount equivalent to Electricity Charges for the period as noted hereunder, as security against any default in payment towards the cost of electricity supplied / to be supplied to the consumer during the agreed period of supply of energy:

(a) L.T. Agriculture Consumer – for three months;

(b) L.T. and H.T. Consumers – for two months;

(c) L.T. temporary consumers for the period for which electricity is required subject to a minimum of three days based consumption @ ten units/kW/per day of applied load at the prevailing tariff;

(d) The State/ Central Government / local bodies consumers shall be exempt from payment of the security deposit;

with the proviso that consumer shall have to pay additional security deposit at prevailing tariff rate as and when the monthly billing cycle is replaced with bi-monthly billing cycle.

Late payment surcharge

13.8 JKPDD-D shall levy a late payment surcharge @ 1.5% per month on the unpaid (beyond due date) principal amount of energy charges, fixed/demand charges and/or minimum charges as may be the case for authorized connections.

Example 1: In case no payment has been made before due date

- *Amount payable on account of energy and fixed/demand charges by due date = Rs. 1,000*
- *Due Date = 31st May 2013*
- *Actual paid by due date = Nil*
- *Amount payable after due date but by 30th June 2013 = Rs. 1,015 (1000 + 15)*
- *Amount payable by 31st July 2013 = Rs. 1,030 (1000 + 15 + 15) and so on (Note: Surcharge for the period beyond June 2013 would be computed on the unpaid principal amount only)*

Example 2: In case partial payment has been made before due date

- *Amount payable on account of energy and fixed/demand charges by due date = Rs. 1,000*
- *Due Date = 31st May 2013*
- *Actual paid by due date = 500*
- *Unpaid Amount payable after due date but by 30th June 2013 = Rs. 507.5 (500 + 7.5)*
- *Amount payable by 31st July 2013 = Rs. 515 (500 + 7.5 + 7.5) and so on (Note: Surcharge for the period beyond June 2013 would be computed on the unpaid principal amount only)*

Excess/ Unauthorized Load

13.9 Any consumer having energy meter with Maximum Demand Indicators (MDI) installed, found to have actual load drawn greater than the Contracted demand shall be levied fixed/demand charges for the excess load, at 2 times the normal rate. The energy charges for consumption proportionate to the excess demand shall also be billed at 2 times the normal rate. Provided that in cases no MDI is installed, the excess load shall be billed as per Regulation 6.27 of JKSERC (Supply Code) Regulations, 2011.

Example:

(a) For consumers where fixed charges on the basis of contracted load/ demand have been specified:

- *Contracted load = 30 kW, Maximum Demand = 43 kW, Excess Demand = 13 kW (43-13)*
- *Recorded consumption for month = 10,320 kWh*
- *Consumption corresponding to contracted load =(10,320 / 43 * 30) = 7,200 kWh;*
- *Consumption corresponding to excess demand = (10,320 – 7,200) = 3,120 kWh*
- *Normal Fixed Charge Rate = Rs. 47/kW/month, Normal Energy Charge rate = Rs.3.00/kWh*
- *Fixed Charges for contracted load = (30 * 47) = Rs. 1,410;*
- *Fixed Charges for excess load =(13 * 47 * 2) = Rs. 1,222;*
- *Total Fixed Charges = (1,410 + 1,222) = Rs. 2,632*
- *Energy Charges for consumption corresponding to contracted load = (7,200 * 3) = Rs. 21,600;*
- *Energy Charges for consumption corresponding to excess load = (3,120 * 3* 2) = Rs. 18,720;*
- *Total Energy Charges =(21,600 + 18,720) = Rs. 40,320*

(b) For industrial consumers billed on billable demand:

- *Contracted demand = 500 kVA, Maximum Demand = 800 kVA, Excess Demand = 300 kVA (800-500)*
- *Recorded consumption for month = 3,26,400 kVAh*
- *Consumption corresponding to contracted demand = (3,26,400 * 500/ 800) = 2,04,000 kVAh;*
- *Consumption corresponding to excess demand = (3,26,400 – 2,04,000) = 1,22,400 kVAh*
- *Normal Demand Charge Rate = Rs. 130/kVA/month, Normal Energy Charge rate = Rs.2.60/kVAh*
- *Fixed Charges for contracted demand = (500 * 130) = Rs. 65,000;*
- *Fixed Charges for excess demand = (300 * 130 * 2) = Rs. 78,000;*
- *Total Fixed Charges = (65,000 + 78,000) = Rs. 1,43,000*
- *Energy Charges for consumption corresponding to contracted demand =(2,04,000 * 2.60) = Rs. 5,30,400;*
- *Energy Charges for consumption corresponding to excess demand = (1,22,400 * 2.60 * 2) = Rs. 6,36,480;*
- *Total Energy Charges = (5,30,400 + 6,36,480) = Rs. 11,66,880*

13.10 For LT consumers and HT consumers without Trivector Electronic meters extra billing shall be done for previous six months and will be continued till the excess Connected Load is removed or regularized.

13.11 Connection to such defaulting consumers shall be disconnected immediately, which will be reconnected only after the unauthorized load is removed and a test report is submitted to JKPDD. It can also be reconnected after the excess load is regularized by revising the completion of revised agreement, submission of test report and payment of prescribed charges. JKPDD shall allow the regularization of excess load based on the conditions of the distribution system. In absence of suitable conditions, the consumer shall be required to disconnect the excess load within fifteen days.

Electricity Duty

13.12 The tariffs are exclusive of Electricity Duty (ED) or any other taxes levied by the Government. The ED and any other levy shall be charged extra and remitted to the Government separately, based on the actual payment from consumers.

kVAh Billing

13.13 All connections falling in categories with kVAh billing, but with old/ electromechanical meters installed shall be billed on derived kVAh consumption, with an assumed power factor of 0.85, till such time appropriate tri-vector meters are installed.

*Example: Consumption = 1000 kWh, Energy Charge Rate = Rs.2.60/kVAh; Energy charges on basis of kVAh billing = (1,000 / 0.85 * 2.60) = Rs. 3,059*

13.14 The billing demand in such cases shall be taken as 75% of the contract demand. Wherever the contract demand has not been declared separately the billing demand shall be taken as 75% of the sanctioned/ connected load. For converting load in kW to kVA an assumed power factor of 0.85 shall be taken.

Power Factor Control

13.15 All consumers having aggregate inductive load greater than 3 HP and above (except domestic and street lights and such consumers where kVAh tariff has been introduced), shall install capacitors of required KVAR rating provided in the following table:

Table 98: Ratings of capacitors for inductive load

Rating of individual Inductive Load in HP	kVAR rating of LT capacitors
3	1
5	2
7.5	3
10	4
15	5
20	7
25	9
30	10
40	12.5
50	15
60	17.5
75	20
90	25
100	25
120	30
130	35

13.16 All such consumers shall be levied a surcharge at 10% on the energy charge (metered or flat), till they have installed the required capacitors.

13.17 For LT industrial/ non-domestic connections having welding transformers with total capacity greater than 25% of the total Connected Load, an extra surcharge of Rs. 3/ kVA/ month shall be levied until capacitors of required capacity are installed.

13.18 The utility shall not release any new LT connections having aggregate inductive load greater than 5 HP/ kVA (except domestic and street light) unless the capacitors of suitable rating are installed.

Irregular Power Supply

13.19 Wherever the utility is unable to supply power to the entire area / locality fed by a particular substation for a continuous period of 15 days or more, no electricity charges will be payable by the affected consumers for the period for which the power remains off continuously.

13.20 The areas where the power supply is less than 12 hours a day continuously for a period of thirty days, the minimum charges/ fixed charges/ demand charges shall be charged proportionately for the actual period of supply.

Government Employees moving with Darbar

13.21 Government employees moving between Jammu and Srinagar along with Darbar and occupying Government accommodation shall be granted electric connection for a period of six months. On expiry of six months, the utility will disconnect the installation immediately and no charges will be levied for the period the installation remains disconnected. All such installations shall be deemed to be permanent connections for determination of tariff.

Stopped / Defective meters

13.22 In case of defective/stuck/stopped/burnt meter, the consumer shall be billed on the basis of average consumption of the past three billing cycles immediately preceding the date of the meter being found/reported defective. These charges shall be leviable for a maximum period of three months only during which time the Licensee is expected to have replaced the defective meter.

13.23 In case, the Maximum Demand Indicator (MDI) of the meter at the consumer's installation is found to be faulty or not recording at all (unless tampered), the demand charges shall be calculated based on maximum demand during corresponding months/billing cycle of previous year, when the meter was functional and recording correctly. In case, the recorded MDI of corresponding month/billing cycle of past year is also not available, the average maximum demand as available for lesser period shall be considered.

Charges for Dishonoured Cheques

13.24 A consumer, whose cheque has been dishonoured, shall have to make payments either in cash or demand draft.

13.25 JKPDD shall charge an interest @ 2.5% per month on the unpaid amount from the due date of payment till the bill amount is entirely paid.

Resale of Energy

13.26 Resale of power should be as per the Provisions in the J&KSERC (Supply Code) Regulations, 2011.

"4.120. The consumer shall not supply any energy supplied to him by the Licensee to another person or other premises unless he holds a suitable sanction or licence for distribution and sale of energy granted by the Commission/State Government or has been exempted by the Commission from holding license for sale.

4.121. In case of commercial, office or residential complexes including residential complexes constructed by an employer for his employees, where power supply is availed originally in the name of the builder or promoter of the complex and who subsequently transfers the ownership of the complex, either entirely, to different individuals or partly to different individuals retaining the balance for lease, the power supply may be continued in the following methods.

i) The builder or promoter of the complex in whose name the supply continues, is permitted to extend power supply to the individual owners of the flats etc. or to the lessee by installing sub-meters and to collect the cost of consumption of power from them on no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension of supply or resale of energy.

ii) In case the promoter or builder of the complex does not wish to have any stake in the complex after promoting the complex, the service connection originally availed may be permitted to be transferred in the name of an Association or Society that may be formed in the complex and registered and the service agency so formed is permitted to extend supply to the individual owners of the flats etc. or lessees by installing sub-meters and to collect the cost for consumption of power from them on a no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension or resale of energy.

Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category.

4.122 A panchayat/cooperative or a registered association of consumers may apply for supply of electricity to a group of consumers at a single point. In such cases, the body that has taken the connection shall be responsible for all payments of electrical *charges to the Licensee and for collection from the consumers. Provided that the provisions of this clause shall not in any way affect the right of a person residing in the housing unit sold or leased by such a Cooperative Group Housing Society to demand supply of electricity directly from the distribution licensee of the area. Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category."*

Applicability of Tariff

13.27 In case of any dispute between the utility and the consumers regarding the applicability of Tariff, the decision of the Commission shall be final.

Contradiction to the Agreement

13.28 All conditions prescribed here in shall be applicable to the consumers, notwithstanding, the provisions if any, in the agreement entered by the consumers with the licensee, being to the contrary.

Rebate for Non-Lighting Use of Solar Energy

13.29 During winter months very high consumption of electricity takes place during the morning hours resulting in peaking of demand in morning in addition to the normal peaking witnessed in the evening hours. Climatic conditions in the State are such that hot water is required by domestic as well as commercial consumers and it appears that one of the reasons for this peaking demand in the morning during winter months is use of water heating appliances like geysers and immersion rods etc. These heating appliances are heavy guzzlers of electricity.

13.30 This requirement of consumers is real and cannot be curbed or discouraged beyond a point. Therefore, for the sake of proper grid management it is essential that consumers should be nudged and encouraged to opt for alternative methods to meet their water heating and cooling requirements. Solar Water Heaters and/ or Solar Cookers offer an excellent alternative to electrical water heating systems and can help in a big way in reducing the demand particularly during morning hours. The weather conditions in the State are conducive to tapping solar energy for this purpose. Responsible and progressive consumers are already using such devices as it also results in substantial reduction in their own energy bills. Use of Solar Heating is, thus, a win-win situation for consumers as well as the utility.

13.31 In order to encourage consumers to switch over to solar water heating systems, the Commission proposes to introduce a monthly rebate of Rs.100.00 for all metered consumers who have installed such solar heating systems for meeting their hot water and/ or cooking requirements. To avail this rebate the consumer will be required to give the licensee documentary proof of having obtained JAKEDA or purchase from a registered dealer such a system and an affidavit to the effect that such a system has been installed on his premises and is being used to meet such heating requirements. This declaration will be verified by Licensee's meter representative. In case, any such declaration is found to be false, the licensee apart from taking appropriate legal action against such consumers would be entitled to recover the entire rebate allowed to such consumers with 100% penalty.

Definitions

Connected Load

13.32 The Connected Load shall mean the sum of the rated capacities in kW/HP of all energy consuming apparatus including portable apparatus duly wired and connected to the power supply system in the consumer's premises. However, this shall not include the load of extension plug sockets, stand-by or spare energy consuming apparatus installed, through change over switch, which cannot be operated simultaneously and any other load exclusively meant for firefighting purposes.

13.33 In case of domestic consumers load of geysers plus heaters or of air conditioners without heaters whichever is higher is to be considered.

13.34 Any equipment which is under installation and not connected electrically, equipment stored in warehouse/showrooms either as spare or for sale is not to be considered as part of the Connected Load.

Sanctioned Load

13.35 Sanctioned Load: shall mean load for which JKPDD has agreed to supply from time to time subject to the governing terms and conditions. The total Connected Load is required to be sanctioned by the competent authority.

Contract Demand

13.36 Contract Demand shall mean the maximum demand for which the consumer has entered into an agreement with the utility. The contract demand cannot be reduced to less than 60% of the sanctioned connected demand.

Maximum Demand

13.37 Maximum Demand for any month shall mean the highest average load measured in kilovolt amperes during any consecutive 30 minutes period of the month.

Demand Charges

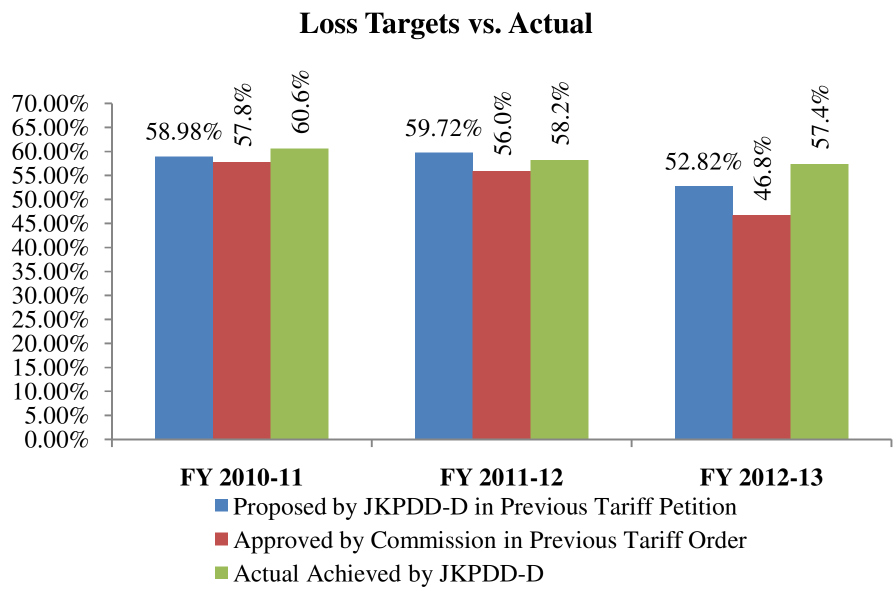
13.38 Demand Charges shall mean the amount chargeable based upon the billing demand as defined in the relevant tariff schedule.

Average Power Factor

13.39 Average Power Factor: shall mean the average energy factor and shall be taken as the ratio of the kilo-watt-hours (kWh) to the kilo-volt-ampere hours (kVAh) supplied during any period.

A14: A WAY FORWARD

14.1 As discussed in Section A6: Review of Sales Projections & T&D Losses of this Order, the T&D losses in the State are very high. Further, the Petitioner has repeatedly failed to achieve the targets for loss reduction as set out by the Commission in its previous Tariff Orders. It can be seen from the chart below that the actual T&D losses achieved are below the targeted losses and are also lower than that proposed by the Petitioner itself in previous Tariff Orders.



14.2 As can be seen, the utility has been unable to meet the targets set out by the Commission in previous Tariff Orders and also has been unable to achieve the projected loss levels as per its own submission. In case of FY 2012-13, the Commission had set a target for aggregate Transmission & Distribution (T&D) losses of 46.76% for FY 2012-13 in its previous Tariff Order for FY 2012-13 (corresponding to target of distribution loss of 44.5%). However, the re-estimated distribution loss for FY 2012-13 of 55.5% submitted by JKPDD-D itself is substantially higher than the overall T&D loss target set by the Commission.

14.3 The Commission in its previous Tariff Order dated 16th April 2012 had suggested a Way Forward for reduction in T&D Losses. However, in view of the dismal performance of the Utility in reducing the high T&D loss in the state, the Commission feels that the Petitioner has not taken any serious steps in this regard. Hence, the Commission again re-iterates that it is essential that the Petitioner brings down the losses to desired levels to achieve overall efficiency in its operations.

14.4 In, this section generally accepted reasons behind such high losses have been discussed and, a way forward deliberated to achieve acceptable T&D loss level in line with technical parameters.

Reasons for High T&D losses

14.5 Distribution loss can be bifurcated into Technical and Commercial losses:

(a) Technical Losses:

(i) Overloading of existing lines and substation equipments
(ii) Absence of up gradation of old lines and equipments
(iii) Low HT: LT ratio
(iv) Poor repair and Maintenance of equipments
(v) Non-installation of sufficient capacitors

(b) Commercial Losses:

(i) Low metering/billing/collection efficiency
(ii) Theft & Pilferage and tampering of meters
(iii) Low accountability of employees
(iv) Absence of Energy Accounting & Auditing

APDRP and R-APDRP

14.6 Acknowledging the importance of reducing the distribution loss in high-loss states, the Abraham Committee constituted by the Government of India under the Chairmanship of Shri P. Abraham, former Secretary (Power) in its study on 'Restructuring of Accelerated Power Development and Reforms Programme' focused on the issue of loss reduction and linked the release of funds to the Accelerated Power Development and Reforms Programme (APDRP) during the Tenth Five Year Plan with the attainment of the target of loss reduction. The main features of APDRP were as follows:

(a) 100% feeder & consumer metering
(b) Energy accounting and auditing
(c) Setting up of performance benchmark parameters
(d) Policy for franchisee & outsourcing
(e) Turnkey execution of APDRP schemes
(f) Operation of circle & feeder as profit centre

14.7 Subsequently Ministry of Power, GoI, launched the Restructured Accelerated Power Development and Reforms Programme (R-APDRP) in July 2008 with focus on establishment of base line data, fixation of accountability, reduction of AT&C losses up to 15% level through strengthening & up-gradation of Sub Transmission and Distribution network and adoption of Information Technology during the Eleventh Five Year Plan. Projects under this scheme have been proposed to be taken up in two parts.

(a) **Part-A:** Includes projects for establishment of baseline data and IT applications for energy accounting/auditing & IT based consumer service centres.

(b) **Part-B:** Includes projects for regular distribution strengthening and covers system improvement, strengthening and augmentation etc. The main features of the under the part-B are as follows:

(i) Renovation, modernization and strengthening of 11 kV level Substations, Transformers/Transformer Centers,

(ii) Re-conductoring of lines at 11kV level and below,

(iii) Load Bifurcation,

(iv) Feeder separation,

(v) Load Balancing, HVDS (11kV),

(vi) Aerial Bunched Conductoring in dense areas,

(vii) Replacement of electromagnetic energy meters with tamper proof electronics meters,

(viii) Installation of capacitor banks and mobile service centres etc.

(ix) In exceptional cases, where sub-transmission system is weak, strengthening at 33 kV or 66 kV levels may also be considered.

Common Measures adopted for loss reduction

14.8 In compliance with the policies and the Act regarding loss reduction strategies, different utilities have taken the following steps towards T&D loss reduction:

(a) High Voltage Distribution System (HVDS),
(b) Supervisory Control and Data Acquisition System (SCADA) and database management;
(c) Energy audit and third party verification of technical and financial data; and
(d) Incentive and disincentive scheme linked to performance on loss reduction etc.

14.9 Various generally accepted principles used to bring down distribution losses are as follows:

(a) For Urban areas:

(i) replacing and revamping old equipment – Ring Main Unit's (RMU's) installation;
(ii) improvement in system reliability by regular maintenance of feeders and transformers / creating N-1 network redundancy;
(iii) LT ABC, HVDS and system augmentation for meeting growth requirements;
(iv) remote LT load shedding in high loss areas;
(v) Global System for Mobile (GSM) based switching of street lighting;

(vi) automation / installation of SCADA for operating and controlling entire power system network at 66 kV, 33 kV and 11 kV;
(vii) GIS mapping;
(viii) automated grids for speedy resolution of faults, etc.
(ix) segregation of urban feeders from rural feeders;
(x) replacement of slow and sluggish meters by push-fit type meters; and
(xi) replacement of overhead bare conductors by insulated wires in theft prone areas, etc.

(b) For Rural areas

(i) reducing distribution losses on 11kV feeders to a level below 15 percent;
(ii) Segregation of rural feeders into agriculture and domestic uses.
(iii) HVDS to improve the quality of power supply of agricultural consumers along with the replacement of existing inefficient pumps, with higher efficiency and lower capacity pumps to reduce energy consumption for the same water delivery.
(iv) An alternative to individual metering of agriculture consumers could be installation of meter on the DT for the group of agricultural consumers served by it. The consumption recorded in the DT meter could be then pro-rated amongst the individual connections on the basis of connected load of their pump sets.

Lessons to be learnt: A way-forward

14.10 It may be noted that third party verification of the technical and financial data is the first step towards setting of loss reduction targets for the utility and to establish authentic and reliable database. Compilation of baseline data is the starting point for energy accounting and audit. While energy accounting gives the overall picture of energy availability and its use, energy audit enables analysis of data in a meaningful manner to evolve measures: (i) introduce checks and balances in the system; (ii) reduce distribution losses; and (iii) improve technical performances of all elements of the distribution network.

14.11 Energy audit at the sub-station level and DT level has to start from DTs to 11kV feeders to 33/11kV sub-stations of the entire area selected for auditing. Energy audit should be undertaken to calculate the difference between the DT-wise energy sent out and total of all the consumers' consumption.

14.12 Hence, as a way forward, the Commission would like to suggest the following measures that the Licensee could consider to bring down the T&D loss in a time-bound manner.

S No	Description	Specification
I	T&D Loss reduction measures	
1	Establishing measurement and control mechanisms	
(a)	Consumer indexing	100%

S No	Description	Specification
(b)	Feeder Metering	100%
(c)	DT Metering	100%
(d)	Feeder wise Energy Audit	100%
(e)	DT wise Energy Audit	100%
(f)	Deploy IT Tools for Loss measurement & Analysis	HT & LT Industries
2	Metering & associated infrastructure improvement	
(a)	Metering of un-metered consumers	100%
(b)	HT Meter replacement & Cubicle installation	100%
(c)	LT CT Meter & Service line Replacement	100%
(d)	LT Meter & Service line Replacement	100%
3	Network infrastructure improvements	
(a)	Reconductoring of feeders	Feeders with loss > 25%
(b)	Feeder bifurcation/ Segregation	All agriculture consumers
(c)	Transformer Augmentation	Overloaded transformers
(d)	Reduce HT/LT Ratio	Reduce to 1:1
(e)	HVDS	Areas with Losses > 25%
(f)	Capacitor installation	100% on HT & LT Industries
(g)	Transformer failure reduction	Reduce to 5%
4	Commercial & Administrative Measures	
(a)	Spot billing	in Urban areas
(b)	Disconnection of defaulters	All consumers
(c)	Anti-theft enforcement drives	All consumers
II	Data management system	
1	Data Recording & reporting procedure	
(a)	As-Is study of all processes of Transmission & Distribution function	All departments
(b)	Identify Data recording & reporting gaps	All departments
(c)	Implement data recording procedure	All departments
2	Managing information Systems	All departments
(a)	Identify Key Performance Indicators	All departments
(b)	Development of MIS Systems	Corporate level
(c)	Deploy IT Tools for MIS Implementation	Corporate level
(d)	Deploy IT Tools for MIS Implementation	All Levels
III	Corporatization of JKPDD-D	As per Govt. mandate

14.13 In a nutshell sustained efforts by the Utility in the aforementioned areas alone can ensure operational efficiency, quality of reliable power supply, financial viability of the power sector and protecting the interest of consumers.

A15: DIRECTIVES

15.1 The Commission takes strong objection to non-compliance of its directives by the Petitioner and warns that the Commission shall be forced to take punitive measures against the Petitioner, under *Sections 102 and 106* of the J&K Electricity Act, 2010, for its inaction. The Commission directs the Petitioner to comply with its directives in future.

15.2 The status of compliance and Commission's views on each of the directives given in previous Tariff Orders is tabulated below:

Directive/Issue	Summary
A. Status of compliance against directives issued in Tariff Order for FY 2007-08	
Consumer Metering	Summary of Directive issued:
	• Submission of a detailed metering plan covering feeder, DT and consumer level metering to the Commission.
	• Target date for 100% metering across consumer categories was set at December 31, 2009.
	• Investment requirement with timeframe and tentative sources of funding was to be submitted to the Commission for approval.
	Petitioner's previous response:
	• Central government has allocated Rs.1,909 Cr under R-APDRP, in which 10% would be funded by state government and remaining to be funded by grants provided by Government of India (GoI) in five tranches.
	• JKPDD-D is also exploring an option of funding from Ministry of Power for small towns having more than 4000 population.
	• JKPDD-D has planned to place new and advanced radio based meters for which it has currently appointed an agency DRS Pvt ltd for comprehensive testing. JKPDD-D is also planning to call price bids for meters as soon as the testing is being completed by the testing agency (Third Party Independent Agency).
	• Further, JKPDD-D plans to undertake an extensive metering program on its own, and in the petition, it has proposed to meter about 2 lakh customers in FY 2011-12 and about 3 lakh customers in FY 2012-13.
	Petitioner's response
	• *Even though the J&K Electricity Act, 2010 had set the deadline for achieving 100% metering by April 2010, the Petitioner had requested the Commission to extend the same owing to the problems faced by the utility at ground levels. Considering the petition made by the Utility, the Commission vide its Order dated 26th April 2012 had extended the deadline for achieving 100% metering to June 2013.* • *JKPDD-D has submitted that it faces several difficulties in metering due to the presence of several un-registered consumers, replacement of defective/faulty meters, reluctance by existing un-metered consumers, etc. Hence, JKPDD-D has proposed that it will be able to meter all consumers in the State by end of the MYT Control period i.e. FY 2015-16.* • *JKPDD-D would submit a comprehensive province-wise/circle-wise metering plan along with investment requirement to the Commission along with the petition for request of "Extension of Deadline of 100% metering in Jammu & Kashmir beyond June 2013 upto the end of the MYT control period"*
	Commission's views:
	• The Commission views that even though the Petitioner has already been provided sufficient time for metering consumers in the State, 3 years have elapsed from the passing of the J&K Electricity Act, 2010 and the Petitioner has made no progress so far in metering its consumers. • A further extension to the deadline for 100% metering in the State can only be possible if a comprehensive metering plan duly approved by the State Government with province-wise/circle-wise metering plan along with investment requirement, financing and procurement

	plan in line with the relevant provisos of the Act is submitted to the Commission. • In view of above, the Commission directs JKPDD-D to submit a comprehensive metering plan duly approved by the State Government before the completion of existing deadline i.e. by 30th June 2013. In case there is any more delay in the proposed metering plan duly approved by the State Government, it would invite penal action against JKPDD-D under the provisions of the Act and the relevant Regulations of the J&KSERC (Multi Year Tariff Distribution) Regulations, 2012.
Energy Audit	Summary of Directive issued:
	• The Petitioner was directed to carry out energy audit of all industrial feeders and submit the report to the Commission on a quarterly basis, starting October 15, 2007.
	• The Petitioner was directed to carry out monthly circle/ division wise T&D loss assessment from March, 2007 onwards.
	Petitioner's previous response:
	Under R-APDRP, JKPDD-D is compulsorily mandated to micro manage AMR on DTs and feeders. JKPDD-D is cognizant of importance of this and is working on implementing the same
	Petitioner's response
	The Petitioner submitted that the progress is being monitored not on the basis of historical accruals but on feeder wise loss status, which is enabled only by energy audit. Chief Engineers of Jammu and Srinagar will consolidate month-wise loss status of each 11 kV feeder summed up over these months till November 2012 and same will be submitted to the Hon'ble Commission shortly.
	Commission's views:
	Even after repeated directives by the Commission, the Petitioner has not carried out energy audit for determination of actual T&D losses in the State. Thus, the Commission again directs the Petitioner to carry out system studies for determination of T&D losses in the State and also conduct feeder-wise energy audit and consumer indexing for estimating the base T&D loss level. Subsequently, the Petitioner should identify feeders with high loss levels and develop a holistic loss reduction plan for reducing distribution losses on such feeders. The Commission directs the Petitioner to submit a report in this regard within 6 months of the issue of this order.
Revenue Cycle Management	Summary of Directive issued:
	The Petitioner was directed to conduct a study of processes and identification of improvement areas and submit the report by 30th November 2008. The areas to be covered included:
	- New connections & connections management;
	- Meter management;
	- Meter reading;
	- Revenue billing process;
	- Collection management;
	- Revenue recovery;
	- Revenue discipline process (enforcement)
	- Customer care
	Petitioner's previous response:
	JKPDD is constructing Data Centre & Data Recovery Centers in Jammu and Srinagar respectively to create a more transparent system of data management for new and existing connections, billing & meter reading and also for centralizing the data bank. The centre will also offer 24X7 customer service to major cross section of consumers in state which will subsequently extended to all the consumers in state.
	Petitioner's response:
	Revenue Cycle Management and Feasibility studies for possible financial turnaround are under progress and independent consultants M/s Feedback Infra have been awarded this study for both Jammu and Srinagar cities. Options are also being explored for Distribution Franchisee in these cities for better revenue cycle management.
	Commission's views:
	It is to be noted that no report on compliance of this directive has been submitted by the Petitioner. Further in view of the study being undertaken, the Commission directs the Utility to submit the findings of the study before 30th June 2013.

Segregation of Costs	Summary of Directive issued:
	• The Petitioner was directed to segregate costs between transmission and distribution functions and file separate petitions from subsequent years.
	• The Petitioner was directed to maintain separate Fixed Asset Registers (FAR) for the two functions.
	Petitioner's previous response:
	JKPDD-F is working towards the directive given by the Commission.
	Petitioner's response
	The separate petitions for transmission and distribution business have already been filed by the JKPDD-D with provisional segregation of Assets and Liabilities of JKPDD-D in both the Businesses in line with the various notifications of GoJK. Final segregated costs will be captured once unbundling is complete.
	Commission's views:
	• Even though the Commission has processed the present ARR/Tariff petitions for MYT Control period for the Transmission and distribution business of JKPDD-D separately, it faced several constraints related to availability of reliable and accurate data. Further, for the purposes of carrying out true up for past years it is required that the utility maintains proper accounts and submit audited information to the Commission. • Accordingly, the Commission directs the Utility to maintain asset data for opening GFA and the audited data for costs and revenues for both distribution and transmission function separately and submit the same along with the next Annual Performance Review (APR) and Tariff Petition for FY 2014-15.
Database Management & MIS	Summary of Directive issued:
	The Petitioner was directed to submit the Terms of Reference for the selection of experts for development/ improvement of its MIS and DBMS to the Commission, for its review and approval, by June 30, 2007
	Petitioner's previous response:
	As mentioned elsewhere, establishment of base line data and periodical validation by third party is a pre requisite for claiming any privilege under R-APDRP.
	Petitioner's response
	As already mentioned, DBMS and MIS are a part of portfolio R-APDRP and same is being implemented as per the schedules of R-APDRP.
	Commission's views:
	As directed by the Commission, the Utility had submitted to the Commission draft terms of reference for selection of experts for development of MIS & DBMS. It has now decided to take up the same under R-APDRP. The Commission would monitor implementation of R-APDRP on a quarterly basis and directs the Petitioner to submit quarterly progress reports within first week of the month succeeding the quarter on the progress made by the Petitioner.
ToD Tariffs	Summary of Directive issued:
	• The Petitioner was directed to complete the activation of the time-of-day feature by 30th June 2007 and notify the Commission of the same.
	• It was also directed to submit consumption details of peak and off-peak periods for all HT consumers on a monthly basis from 31st July 2007.
	Petitioner's previous response:
	JKPDD proposed to create an internal task-force to look into the assessment of ToD tariffs in the State and identify the data that's required for implementing the same. The Department may involve an independent consultant to undertake collection of relevant data and assessment of the same.
	Petitioner's response
	JKPDD-D likes to submit that the collection of requisite data is in process and will be submitted to the Commission shortly.
	Commission's views:
	The Commission takes notes of the delay in submitting compliance to this directive by the Petitioner. The Commission again directs the Petitioner to submit copy of report for assessment of

	TOD tariffs before 30th September 2013.
Sales Forecasting	Summary of Directive issued:
	JKPDD was directed to submit consumption details of peak and off-peak periods for all HT consumers on a monthly basis from 31st July 2007. The Commission also directed it to detail the methodology used for projecting energy sales.
	Petitioner's previous response:
	Citing that the installation of trivector meters is a recent phenomenon, JKPDD-D had proposed to undertake appropriate training of the field staff (especially the meter readers) to understand and interpret the energy consumption data being recorded in the trivector meters.
	Petitioner's response
	The respective Chief Engineers (EMRE) of two provinces have been advised to consolidate the desired information and pass on this information to the Commission.
	Commission's views:
	The data for peak and off-peak consumption for HT consumers is already being recorded in the trivector energy meters installed at such connections. The Commission directs the Petitioner to compile the same on a monthly basis and submit the report to the Commission on monthly basis within first week of the month succeeding the reporting month.
Region wise details	Summary of Directive issued:
	The Petitioner was directed to submit details on the power availability, energy sales, level of metering, revenue realization and loss levels in different regions in the State.
	Petitioner's previous response:
	JKPDD shall endeavor to comply with the directive given by the Commission in this regard.
	Petitioner's response
	The Chief Engineers (EMRE) have already been directed to provide requisite information in the time bound manner to the Commission.
	Commission's views:
	JKPDD-D was directed to submit the same on a quarterly basis to the Commission which the Petitioner had failed to do. The Commission once again directs JKPDD-D to submit the requisite information on a quarterly basis within first week of the month succeeding the quarter.
Progress monitoring	Summary of Directive issued:
	The Petitioner was directed to submit quarterly progress reports on each directive issued by the Commission.
	Petitioner's previous response:
	JKPDD shall endeavour to comply with the directive given by the Commission in this regard.
	Petitioner's response
	Henceforth, JKPDD shall ensure timely compliance.
	Commission's views:
	JKPDD-D has failed to comply with the directive on progress monitoring of the set of directives issued by the Commission. The frequency of progress reporting on various directives has been intermittent and mostly limited to the ARR & Tariff petitions being filed by JKPDD-D. The Commission again directs JKPDD-D to submit quarterly reports on progress monitoring within first week of the month succeeding the quarter.
B. Status of compliance against directives issued in Tariff Order for FY 2008-09	
Loss study	Summary of Directive issued:
	The Commission directed the utility to conduct a detailed loss study on an urgent basis and submit the findings to the Commission by 31st March 2009. Such loss study should be realistically able to ascertain/ estimate the following:
	- Sales in MU to various consumer categories; &
	- T&D losses.
	Petitioner's previous response:
	As part of Phase – I of the R-APDRP scheme, JKPDD would be setting up appropriate systems and software in place, which would help it ascertain the loss levels in its transmission and

	distribution system.
	Petitioner's response
	JKPDD-D has already proposed to outsource the job of estimating losses in Transmission and Distribution Business.
	Commission's views:
	The Commission notes the dismal performance made by the Petitioner in reducing the T&D Losses in the State. Infact during FY 2012-13, the re-estimated T&D losses as submitted by the Petitioner have been higher by more than 10% over the targeted loss level. The Petitioner also did not comply with the directive issued by the Commission and failed to submit report for estimating the T&D losses in the State on scientific grounds. In view of above, the Commission again directs the Petitioner to carry out system studies for determination of T&D losses in the State and also conduct feeder-wise energy audit and consumer indexing for estimating the base T&D loss level. Subsequently, the Petitioner should identify feeders with high loss levels and develop a holistic loss reduction plan for reducing distribution losses on such feeders. The Commission directs the Petitioner to submit a report in this regard within 6 months of the issue of this Order.
C. Status of compliance against directives issued in Tariff Order for FY 2009-10 & FY 2010-11	
Sales estimation	Summary of Directive issued:
	The Commission is of the opinion that for the un-metered consumers within each category being billed on flat rate tariffs, the units supplied should be worked backwards from the amount billed on connected load basis. The same must be adhered to in the future petitions of JKPDD.
	Petitioner's previous response:
	JKPDD submits that the directive is being compiled with.
	Petitioner's response
	JKPDD submits that the directive is being compiled with.
	Commission's views:
	The Commission has noted the compliance of the above directive by the Petitioner.
Metering of LT Industrial Consumers	Summary of Directive issued:
	The metering of LT consumers is grossly against the approved tariff regime and JKPDD is directed to meter the same with immediate effect and report the status to the Commission within 15 days from the issue of this Order.
	Petitioner's previous response:
	JKPDD has set out an extensive metering program. It is aiming to meter about 2 lakh unmetered customers in FY 12 and about 3 lakh unmetered customers in FY 13.
	Petitioner's response
	All LT Industrial Consumers have been metered.
	Commission's views:
	The Commission has noted the compliance of the above directive by the Petitioner.
Proposed Schedule of Miscellaneous Charges	Summary of Directive issued:
	The Commission directed the Petitioner to substantiate proposed hike with appropriate documents/ facts while seeking hike in any of the items listed in the schedule of miscellaneous charges.
	Petitioner's previous response:
	JKPDD submits that the said directive is complied with.
	Petitioner's response:
	JKPDD likes to submit that no hike in miscellaneous charges have been proposed currently.
	Commission's views:
	The Commission has noted the compliance of the directive by the JKPDD.
Revision of Connected Load Agreements	Summary of Directive issued:
	The Commission had directed JKPDDD to undertake revision of agreements of all categories of consumers to assess the realistic connected load and also the maximum demand. A status report on the above had to be submitted to the Commission by 31st October 2010.

	Petitioner's previous response:
	JKPDD had submitted that revision of agreements is a continuous process. Further, the Department shall submit the list of all such customers where the connected load/ maximum demand were revised in FY 2010-11.
	Petitioner's response
	JKPDD submits that the directive is being compiled with. Consumer cooperation is being sought by putting in public domain a comprehensive VLDS scheme for voluntary disclosure of Connected Load.
	Commission's views:
	The Commission appreciates the steps being taken by JKPDD-D for revision of agreements to assess the realistic connected load and the maximum demand.
Demand Side Management	Summary of Directive issued:
	The Commission directed JKPDD to prepare a Demand Side Management plan and submit the same for the approval of the Commission.
	Petitioner's previous response:
	JKPDD is working towards the directive given by the Commission.
	Petitioner's response
	A comprehensive DSM plan is being worked out and will be submitted to the Commission shortly.
	Commission's views:
	The Commission notes that the Petitioner failed to submit a detailed Demand Side Management (DSM) plan along with the ARR & Tariff petition for the MYT Control period from FY 2013-14 to FY 2015-16 as directed by the Commission. Further, the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 also provide that the Petitioner should develop a comprehensive power purchase and procurement plan after accounting for DSM Plan. Thus, the Commission again directs the Petitioner to submit a DSM Plan for approval of the Commission by 30^{th} June 2013.
Replacement of non-functional meters	Summary of Directive issued:
	JKPDD was directed to report the number of non-functional/ defective/ by-passed/ burnt out meters for each consumer category in the system as on 31^{st} March 2010 along with an action plan to replace them. The report must be submitted to the Commission by 31^{st} July 2010.
	Petitioner's previous response:
	JKPDD is already undertaking replacement of all such meters that are either non-functional or defective or burnt.
	Petitioner's response
	The Chief Engineers (EMRE) have already been directed to provide requisite information in the time bound manner to the Commission.
	Commission's views:
	The Commission directs the Utility to submit a report with regard to the number of non-functional/defective/bye-passed/burnt meters so far replaced and the number of such meters yet to be replaced latest by 30^{th} June 2013.
Reading of Electronic Meters through MRIs	Summary of Directive issued:
	JKPDD was directed to immediately put in use the Meter Reading Instruments (MRIs) which are available with them and submit a report to the Commission by 31^{st} May 2010 detailing the Division wise list of Electronic meters supplied, No of MRIs issued and how many meters have been read with MRIs. JKPDD should simultaneously impart training on booking reading of Electronic meters through MRIs. The condition of meters whether defective/ Non-functional/ bye passed/ burnt should be mentioned in the current or next cycle of billing.
	Petitioner's previous response:
	JKPDD reiterates that the meter reading staff is being trained for using MRIs. Efforts are being made to use MRIs for meter reading as a regular process.
	Petitioner's response
	The Chief Engineers (EMRE) have already been directed to provide requisite information in the time bound manner to the Commission. As a step forward JKPDD is deploying radio frequency meters where communication is faster, smoother and wholesome.
	Commission's views:

	It is to be noted that the Petitioner has not submitted any report in compliance of the directive issued by the Commission. The Commission again directs the Utility to submit a status report on the above directive along with the Annual Performance Review (APR) & Tariff Petition for the FY 2014-15.
Balancing of Load	Summary of Directive issued:
	Balancing of load on the phases of transformers should be checked whenever new connections are issued. Balancing of load on different phases of transformers shall also be checked at regular intervals for proper balancing of the load and to minimize burning of distribution transformer due to unequal loading.
	Petitioner's previous response:
	The engineering staff of JKPDD is well aware of this technicality pertaining to balancing of loads; and no such imbalances are being allowed while issuing of a new connection.
	Petitioner's response
	JKPDD likes to submit that the directive is being complied with.
	Commission's views:
	The Commission has noted compliance of the above directive by the Utility.
Arrear Recovery	Summary of Directive issued:
	JKPDD is directed to submit quarterly reports on arrears outstanding against each category of consumers. The Commission would like to know the collection, billing and accounting of arrears of previous years in the revenue realized of a particular year. A complete detail of arrears and their realization from FY 2006-07 be made available to the Commission along with the next ARR and Tariff Petition.
	Petitioner's previous response:
	JKPDD is working towards the directive given by the Commission.
	Petitioner's response
	JKPDD likes to submit that Chief Engineers (EMRE) have been advised to use the services of respective electricity magistrates of the area for recovery of arrears. A report on same will be submitted to the Commission shortly.
	Commission's views:
	The Commission directs the Petitioner to submit the above mentioned report latest by 30th June 2013.
D. Status of compliance against directives issued in Tariff Order for FY 2011-12	
Submission of ARR/Tariff Petition	Summary of Directive issued:
	The Utility is directed to henceforth, file ARR/tariff petition by 30th of November of each year positively as stipulated in the Jammu & Kashmir State Electricity Regulatory Commission (Conduct of Business) Regulations, 2005.
	JKPDD's previous response:
	JKPDD endeavours to comply with the deadline of 30th November.
	JKPDD's response:
	JKPDD likes to submit that the current petitions have been filed before the Commission in the stipulated time frame only.
	Commission's views:
	Even though the Petitioner had filed the Petition for approval of Annual Revenue Requirement (ARR) for the MYT Control Period (FY 2013-14 to FY 2015-16) within the stipulated timeframe, the Commission had noted that the Petition was incomplete as Petitioner has not filed the Tariff Petition for FY 2013-14. Further, due to inadvertent error by the Petitioner in including actual number of unregistered but electrified connections as per the Census 2011 report, the revised ARR and Tariff Petition for the MYT Control Period (FY 2013-14 to FY 2015-16) was filed only by 18th February 2013. In view of above, the Commission re-iterates that the Petitioner must file the ARR & Tariff petition by 30th November of ensuing year, failing which suo-moto proceedings will be initiated.
Submission of Power Purchase	Summary of Directive issued:
	The Utility was directed to file the long term Power Purchase and Procurement Plan by 31st

and Procurement Plan	October of each year positively, duly updating the Long-term Power Purchase and Procurement Plan for the previous year as required under Regulation 22 of the Jammu & Kashmir State Electricity Regulatory Commission (Power Purchase and Procurement Plan) Regulations, 2005.
	JKPDD's previous response:
	JKPDD shall comply with this directive henceforth.
	JKPDD's response:
	JKPDD likes to submit that it has already submitted the desired information in the Business Plan of distribution utility of JKPDD.
	Commission's views:
	Even though the Petitioner has submitted the Power purchase and procurement plan for the MYT Control Period (FY 2013-14 to FY 2015-16), the duly updated power purchase requirement along with the variation in power purchase cost should be submitted by 31st October every year in accordance to the said regulations and its approval by the Commission. Hence, the Commission re-iterates the above directive.
Loss Reduction Trajectory	Summary of Directive issued:
	The Utility is directed to fix a circle-wise and division-wise loss reduction trajectory for the next three years and accordingly prepare a detailed action plan for reduction of T&D losses, which may be incorporated in the Tariff Petition for FY2012-13.
	JKPDD's previous response:
	JKPDD proposes to undertake a circle-wise/ division-wise assessment of energy losses as part of the first phase of R-APDRP, and accordingly set out a loss reduction trajectory once the baseline level of losses for each circle and division is thereby ascertained.
	JKPDD's response:
	JKPDD likes to submit that the division-wise/ circle-wise is being done in a different perspective in the 11 kV feeder wise loss levels in that division/ circle supply powering in those areas. These losses are being monitored continuously and same has also helped in micro level monitoring. In some cases, department has gone further down to the level of individual DTR under R-APDRP or otherwise.
	Commission's views:
	The Utility is directed to expedite preparation of a detailed action plan for reduction of T&D losses and incorporate the same in the Annual Performance Review (APR) & Tariff petition for FY 2014-15.
Re-categorization of Consumers	Summary of Directive issued:
	The Utility may examine afresh the existing categories of consumers and the slabs of consumption within each category, and if re-categorization of the consumer slabs is felt necessary, the same may be reflected in future tariff petitions.
	JKPDD's previous response:
	JKPDD will look into the same once the detailed consumer profiling and consumption pattern is available from the Computerization activity being undertaken currently.
	JKPDD's response:
	JKPDD likes to submit that the consumption pattern and consumer profiling will be reviewed once the majority of consumers of J&K are metered.
	Commission's views:
	The Commission in its previous tariff orders had directed the Utility to undertake re-classification of consumer categories in J&K based on national/State level power data. However, the Utility failed to submit any report in this regard. The Commission, in this tariff order, has in its capacity rationalized the slabs in the domestic and non domestic category. Moreover, the monthly minimum charges for domestic and agriculture metered consumer category has been done away with and instead fixed charges have been introduced. Relief has been provided to rural industries such as Aata Chakkis, flour mills, Shawl Mills etc which come under the LT industry category but having a load of less than 10 HP. Further details have been given in the section 'A17: Tariff Schedule for FY 2013-14' below. The Petitioner is directed to comply with the newly introduced tariff structure with the implementation if this Order and also ensure filing of data as per the new slabs in the Annual Performance Review (APR) & Tariff Petition for FY 2014-15.
Establishment of	Summary of Directive issued:

Consumer Complaint Centres	The Utility shall set up Customer Complaint Centers/ Call Centers across its area of supply to address the Customer Complaints and Grievances as stipulated under Chapter-V of the Jammu & Kashmir State Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2006. Action taken in this regard by the Utility may be communicated to the Commission by 31st December, 2011.
	JKPDD's previous response:
	JKPDD is in the process of establishing customer care centers/ call centers across the state. The Department shall duly inform the Commission once these centers are fully operationalised.
	JKPDD's response:
	JKPDD likes to submit that already a 24/7 consumer call centre has been established with a toll free no. 1800 180 7666
	Commission's views:
	There is no institutionalized dispute resolution mechanism presently with the Utility to address consumer grievances at the ground level, although this matter has been discussed with the Utility on many occasions. However, the Bijli Adalats recently established by the Utility may partly address the need for a procedural frame work to handle consumer complaints. But at the ground level there is an urgent need for setting up consumer complaint centers for on the spot resolution of complaints. The Commission directs the Petitioner to submit an action plan in this regard by 30th June 2013.
Maintaining data on reliability indices	Summary of Directive issued:
	The Utility shall maintain data and workout the reliability indices for each Circle/area of its operation on a monthly basis as stipulated under Chapter VIII of the Jammu & Kashmir State Electricity Regulatory Commission (Distribution Performance Standards) Regulations, 2006 and submit monthly computed figures for the first half of FY 2011-12 by 31st October 2011.
	JKPDD's previous response:
	JKPDD is working towards the directive given by the Commission.
	JKPDD's response:
	JKPDD likes to submit that it contemplates to outsource for independent evaluation of reliability indices before submission of same to the Commission.
	Commission's views:
	The Commission directs the Utility to submit the asked information for first half of FY 2013-14 by 31st October 2013.
To introduce Prepaid meters	Summary of Directive issued:
	The Commission directs the Utility to introduce pre-paid meters in respect of connections with loads below 5 kW in some identified areas on a pilot basis.
	JKPDD's previous response:
	JKPDD proposes to detail out a plan for installation of pre-paid meters on pilot basis, and the infrastructure that's require to put in place such meters.
	JKPDD's response:
	JKPDD likes to submit that it is considering to implement pre-paid metering in State/Central Government Departments category in initially. Same has also been considered in the Financial Restructuring Programe.
	Commission's views:
	The Commission directs the Petitioner to submit the work plan by 30th June 2013.
Meter Reading	Summary of Directive issued:
	The Commission directs the Utility to take meter reading in accordance with Regulations 5.16 to 5.25 of the Jammu & Kashmir State Electricity Supply Code, 2011.
	JKPDD's previous response:
	JKPDD shall comply with the same.
	JKPDD's response:
	JKPDD likes to submit that it is already putting its best efforts to ensure compliance of directive.
	Commission's views:
	The Commission directs JKPDD-D to look into its billing process as there has been a complaint

	from consumers regarding non compliance of the same on the part of JKPDD-D and submit a report to Commission by 30th June 2013.
Study for determining the actual cost of supply for each consumer category	Summary of Directive issued:
	The Utility is directed to undertake a study for determining the actual cost of supply for each consumer category at different voltage levels and submit a report on the outcome of the study by 30th June, 2012.
	JKPDD's previous response:
	JKPDD submits that it will make all out efforts to undertake study in the stipulated time frame, and may rope-in an independent technical consultant to assist it in undertaking this study.
	JKPDD's response:
	JKPDD likes to submit that GoJK is being approached for authorizing expenditure on carrying out the study as directed by the Commission.
	Commission's views:
	JKPDD is directed to conduct a study on the same at the earliest possible and submit the report by 30th September 2013.
Status report on upkeep and maintenance of transmission lines and Grid Stations	Summary of Directive issued:
	The Utility is directed to submit to the Commission a status report on proper up-keep and maintenance of transmission lines and Grid stations. The Utility is also directed to maintain adequate spares and transformer capacities to prevent prolonged outage of the transmission system.
	JKPDD's previous response:
	Though JKPDD is short of resources, maintenance of adequate spares & capacities is being considered on top priority.
	JKPDD's response:
	JKPDD likes to submit that the transmission segment has come up with a maintenance schedule which is required to be put to practice.
	Commission's views:
	JKPDD is directed to conduct a study on the same at the earliest and submit the report by 30th September 2013
To carry out proper system studies	Summary of Directive issued:
	The Utility shall carry out proper power system studies on a regular basis and to estimate future short term and long term demands of energy/power and prepare an investment plan to meet the demands.
	JKPDD's previous response:
	If system study means Load Flow studies, the same is being done regularly. It may also be mentioned that future long term and short term demand is done by CEA in its power surveys.
	However, JKPDD will also make arrangements to undertake this study on regional basis once the detailed monthly consumption pattern is available after 100 % computerization is over.
	JKPDD's response:
	JKPDD likes to submit that the transmission wing is exploring market (tenderization) to appoint a consultant for working away the bottlenecks of the present transmission system and design future expansions to cope up with growing load and improvements in quality indices.
	Commission's views:
	JKPDD is directed to submit the action taken report by 30th June 2013.
Scheme of incentives and disincentives for the staff stationed in high loss areas	Summary of Directive issued:
	The Utility shall formulate a scheme of incentives and disincentives for the staff stationed in high loss areas and submit the same to the Commission for approval.
	JKPDD's previous response:
	MOP has already laid guidelines for incentivizing of Utility Staffers if the loss is brought down to 15%.
	JKPDD's response:
	The department is studying the implications and will submit a detailed scheme for approval.
	Commission's views:

	JKPDD is directed to come up with an internal scheme (apart from that specified by MoP) of incentives and disincentives for the staff stationed in high loss areas and submit the same to the Commission for approval. The action taken report needs to be submitted by 30th September 2013
Steps taken to reduce transformer failure	Summary of Directive issued:
	Steps taken by the Utility to reduce transformer failure may be communicated to the Commission by 30th November, 2011.
	JKPDD's previous response:
	DT failure rate is reducing where metering has been done and compliance has taken place. Extensive efforts are being made by JKPDD to discipline and educate people that they abide to the agreed contracted demand.
	JKPDD's response:
	JKPDD likes to submit that as already in the knowledge of commission, J&K has a greater percentage of unmetered consumers. DT failure is more in unmetered areas, utility is out and set to increase %age of metering of consumers. Sincere efforts are on to achieve this objective despite of resistance and other law order issues related to metering.
	Commission's views:
	The Commission acknowledges JKPDD-D's efforts on the same. However, the DT failure rate is still very high. The Commission directs JKPDD to submit a status report on the same and a work plan to reduce the same in the future by 30th September 2013.
Meter Testing Labs	Summary of Directive issued:
	The Commission directs the Utility to establish circle-wise meter testing labs, starting with one in Srinagar and another in Jammu, besides setting up mobile meter testing labs
	JKPDD's previous response:
	JKPDD is working towards to comply with the directive issued by the Commission.
	JKPDD's response:
	JKPDD has already got the loan sanctioned by REC for setting up the in house and mobile testing laboratories at Srinagar and Jammu and the tenders stand already floated for the purpose.
	Commission's views:
	The Commission directs JKPDD to submit a status report on the same by 30th September 2013..
Rationalization of manpower	Summary of Directive issued:
	It has been noticed that there is no norm for deployment of manpower for different activities/functions of the Utility. The Utility is directed to rationalize the manpower requirement for different activities/functions as per the standard practice in the neighboring States.
	JKPDD's previous response:
	JKPDD is taking up the matter of reorganization of the Department with the State Government; accordingly, any such rationalization of manpower as indicated by the Commission shall be undertaken as part of such reorganization.
	JKPDD's response:
	JKPDD likes to submit that the detailed staffing and manpower requirement has already been chalked out for the transmission and distribution business of JKPDD and will be implemented in due course of time. The appointed consultant is already on the job.
	Commission's views:
	The Commission accepts JKPDD-D submission on the same and directs the Petitioner to submit the above-mentioned report on completion of the study.
Status report on electric accidents	Summary of Directive issued:
	The Utility is directed to submit quarterly status report on electric accidents that may have happened during the preceding quarter. The report should also contain details of the cases brought forward from previous periods.
	JKPDD's previous response:
	JKPDD shall endeavour to comply with the directive issued by the Commission.
	JKPDD's response:
	The inspection agency has been advised to comply the directive.
	Commission's views:

	The Commission again directs JKPDD-D to submit quarterly status report within first week of the month succeeding the quarter on electric accidents that may have happened during the preceding quarter. The report should also contain details of the cases brought forward from previous periods.
Billing of energy supplied to consumers	Summary of Directive issued:
	The Utility is directed to issue bills for the energy supplied to the consumers, strictly in accordance with the Regulation A-6(Billing) of Jammu & Kashmir State Electricity Supply Code.
	JKPDD's previous response:
	JKPDD plans to strictly enforce the provisions of the said code once 100% computerization of billing system is complete.
	JKPDD's response:
	JKPDD likes to submit that it contemplates to modify the billing format so that historical consumptions are included and will submit the same for approval of the Commission shortly.
	Commission's views:
	• The Commission directs JKPDD-D to look into its billing process as there have been complaints from consumers regarding non-compliance of the same on the part of JKPDD.
	• Sample bill should be submitted for Commission's approval by 30th June 2013
Power curtailment plan	Summary of Directive issued:
	Commission directed the Utility to give wide publicity to power curtailment schedule, if any, and formally communicate the same to the Commission on each occasion. Unscheduled power curtailments and reasons thereof shall be properly recorded and communicated to JKSERC on a monthly basis and also along with the Tariff petition each year in a consolidated form.
	JKPDD's previous response:
	Any scheduled curtailment undertaken by JKPDD is given wide publicity in the local dailies of J&K. Unscheduled outages on account of grid contingencies are being recorded by the Department.
	JKPDD's response:
	JKPDD likes to submit that the directive is being institutionalized and requisite information will be submitted to the commission henceforth.
	Commission's views:
	JKPDD is again directed to record and communicate to the Commission on a monthly basis the Unscheduled power curtailments within first week of the month succeeding the reporting month and reasons thereof and also along with the Tariff petition each year in a consolidated form.
Arrear collection	Summary of Directive issued:
	Year wise breakup of all previous arrears on account of collection inefficiency and revenue deliberately not paid by the consumers should be communicated to the Commission with the tariff petition each year.
	JKPDD's previous response:
	Since bills are going to be digitized and monitored centrally, JKPDD is expecting to maintain comprehensive data pertaining to arrears in respective data centers, which will help in tracking the arrears pertaining to any consumer.
	JKPDD's response:
	The Chief Engineers (EMRE) have already been directed to provide requisite information in the time bound manner to the Commission.
	Commission's views:
	JKPDD-D is directed to expedite the process of 100% computerization and submit action taken/status report by 30th June 2013.
No. of consumer connection	Summary of Directive issued:
	In view of the discrepancies noticed in respect of category-wise connections, the Utility is directed to make a fresh in-depth exercise to re-verify the total number of registered and unregistered connections (category-wise) in the State and a report submitted to the Commission within two months from the date of issue of this directive.
	JKPDD's previous response:
	The no. of registered connections in various consumer categories is already reflected in the ARR petition. As regards an unregistered connection, the same is being regularized with immediate

	effect upon identification of the same.
	JKPDD's response:
	JKPDD likes to submit that the directive is being complied with. In this context, direction a request has been made to all DCs and SPs of every district of the state for indicating therein electrified households as per 2011 census and against each figure registered domestic consumers and soliciting support of district administration in working away this difference.
	Commission's views:
	The Commission shall analyse the submission made by JKPDD and give further directives, if any, separately.
E. Status of compliance against directives issued in Tariff Order for FY 2012-13	
Filing of Transmission ARR	Summary of Directive issued:
	The Utility is directed to file separate ARR petitions for transmission and distribution for FY2013-14.
	JKPDD's response:
	Separate ARR and Tariff petitions have already been filed with the Commission. The directive has been complied.
	Commission's views:
	The Petitioner has filed separate ARR petitions for distribution and transmission business for the MYT period from FY 2013-14 to FY 2015-16. Accordingly this directive has been complied with.
Meter testing arrangements	Summary of Directive issued:
	The Commission directs the JKPDD to put in place an accredited independent third party meter testing arrangement in all districts and also prepare norms for allowing consumers to purchase their own meters of approved specification of competent authority duly tested and certified by such accredited third party testing agencies. In-Situ meter testing facilities may be included in the same at Divisional & Sub-Divisional levels in J&K.
	JKPDD's response:
	JKPDD likes to submit that NABL accredited third party meter testing mechanism has already been established by empanelling NABL accredited laboratories through a Request for Empanelment (ROE) notice. Two NABL accredited laboratories that have shown interest have been asked to mobilize their resources. Thus the directive is being complied.
	Commission's views:
	The Commission is of the view that the measures taken by the Petitioner are insufficient and directs the Utility to expedite the process of establishing meter testing laboratories and submit quarterly compliance report in this regard within first week of the month succeeding the quarter..
Theft and pilferage of electricity	Summary of Directive issued:
	JKPDD is directed to constitute a task force in each circle to carry out massive raids on a regular basis to check pilferage of electricity. The officers in charge of the concerned Circles shall have to be made answerable in case of detection of theft/pilferage of electricity in their areas of operation, besides booking those consumers committing theft/pilferage and penal action taken against them.
	JKPDD's response:
	Multi-tier inspection squads have been constituted to check the misuse of power. 43731 inspections have been conducted ending Nov. 2012 and Rs. 822 lacs of fine imposed. A special enforcement wing headed by secretary technical has been established for conducting inspections and check theft and pilferage of electricity, the teams have given encouraging results since their constitution. The directive stands complied.
	Commission's views:
	It is to be noted that the progress of the Petitioner regarding theft detection and penalizing the defaulters has been very slow and it has also not made available the progress report in the public domain. Thus Commission directs the Petitioner to submit the quarterly reports within first week of the month succeeding the quarter on 'Theft Detection and Penalty Imposed/Realized' and make available these reports in the public domain so that the efforts of the Utility in curbing theft can be recognized by the masses. It is to be noted that these reports should also include additional information such as FIR lodged etc.
Low load factor	Summary of Directive issued:

	Petitioner is directed to undertake testing of all those consumers in non-domestic and LT Industries categories whose monthly load factor is less than 1% Compliance report along with results of such testing be submitted to the Commission along with the Tariff Petition for the FY2013-14. Load factor Data base in J&K should also be established.
	JKPDD's response:
	JKPDD likes to submit that the Industrial connections with conspicuously low consumption as against the sanctioned load are being targeted objectively by the Inspection Teams. Institutional Testing arrangements are being developed. In the meantime, use of the ring type LT CTs have been banned, which shall also contribute to precision metering and non-remunerative loads.
	Commission's Views:
	It is to be noted that the Petitioner has neither submitted any report regarding testing of all those consumers in non-domestic and LT Industries categories whose monthly load factor is less than 1% and nor it has established the load factor data base. The Commission again directs the Utility to submit quarterly compliance report containing the details of the inspection and testing of consumers in non-domestic and LT Industries categories with monthly load factor less than 1%. The Utility is also directed to undertake the exercise of establishing the Load Factor Data base of the state and submit the report by 30th September 2013.
Multi Year Tariff	Summary of Directive issued:
	The petitioner is directed to start maintaining its database for reliable and concrete historical data as well as future data so that the same can be utilized by the Commission while determining Multi Year Tariffs in future.
	JKPDD's response:
	JKPDD likes to submit that sincere attempts are being made to ensure compliance of the directive. It may be noted that the precision of baseline data in the distribution sector is an issue all across the country, and that's the reason in the R-APDRP programme, more than Rs. 12,000 Crores are being spent in Part-A of this programme for IT interventions and establishment of baseline data (by a third party Implementing Agency being appointed by PFC). It is also submitted that MYT petition has already been filed before the Commission.
	Commission's Views:
	The Commission has processed the current ARR and Tariff petition within the constraints of the limited data submitted by the JKPDD-D. But it is to be noted that for the purpose of future true-up and annual performance review, the Utility is directed to maintain its database for reliable and audited data so that the same can be utilized by the Commission to arrive at more reliable and concrete figures.
Energy conservation awareness programme	Summary of Directive issued:
	Utility is directed to launch massive awareness programme through print and electronic media on energy conservation highlighting the energy conservation schemes being implemented in the State. Energy audit of one large State consumer, one industrial consumer and one commercial consumer be undertaken under this programme.
	JKPDD's response:
	JKPDD likes to submit that Bureau of Energy Efficiency is exploring various options including the Bachat Lamp Yojana.
	Commission's Views:
	The Commission directs the Utility to submit quarterly compliance report within first week of the month succeeding the quarter under the 'Bureau of Energy Efficiency' sponsored schemes.
Rationalization of consumer categories and data base	Summary of Directive issued:
	Utility is directed to undertake re-classification of consumer categories in J&K based on national/State level power data in consultation with CEA.
	JKPDD's response:
	JKPDD likes to submit that study is being done in the aspect and report will be submitted to the Commission shortly.
	Commission's Views:
	The Commission in its previous tariff orders had directed the Utility to undertake re-classification of consumer categories in J&K based on national/State level power data. However, the Utility failed to submit any report in this regard. The Commission, in this tariff order, has in its capacity

	rationalized the slabs in the domestic and non domestic category. Moreover, the monthly minimum charges for domestic and agriculture metered consumer category has been done away with and instead fixed charges have been introduced. Relief has been provided to rural industries such as Aata Chakkis, flour mills, Shawl Mills etc which come under the LT industry category but having a load of less than 10 HP. Further details have been given in the Section A17: Tariff Schedule for FY 2013-14' below. The Petitioner is directed to comply with the newly introduced tariff structure with the implementation if this Order and also ensure filing of data as per the new slabs in the Annual Performance Review (APR) & Tariff Petition for FY 2014-15.

New Directives Issued by the Commission

System Studies & Feeder-Wise Energy Audit

15.3 The Commission directs the Utility to carry out system studies for determination of transmission loss in the system and also conduct feeder-wise energy audit and consumer indexing for estimating the base T&D loss level. Subsequently, the Petitioner should identify feeders with high loss levels and develop a holistic loss reduction plan for reducing distribution losses on such feeders. The Commission directs the Petitioner to submit a report in this regard within 6 months of issue of the order on 'Business Plan for three year MYT period from FY 2013-14 to FY 2015-16' dated 22nd March, 2013.

Detailed Investment Plan for New Distribution Works

15.4 The Commission directs the Utility to submit the detailed investment plan along with the cost benefit analysis for the proposed new distribution works to be submitted along with the Annual Performance Review (APR) & Tariff petition for FY 2014-15.

Audit for Metering

15.5 The Commission directs the Utility to conduct an independent audit of actual consumers metered and consumers pending for metering during the MYT period and submit quarterly reports within the first week of the succeeding month of the quarter to the Commission for monitoring purposes.

Progress Monitoring Report

15.6 The Petitioner is directed to submit quarterly information on each of all the existing schemes approved by the Commission along with the Detail Project Report of all new schemes approved by the Commission which are being implemented in the ensuing quarter. The information to be submitted should be consistent with the DPR for the respective schemes. Any scheme without a detailed DPR would be disallowed by the Commission. The format for the submission of quarterly information is enclosed as the Annexure 1 of the order on 'Business Plan for three year MYT period from FY 2013-14 to FY 2015-16' dated 22nd March, 2013. The Petitioner is directed to submit the desired information along with the DPRs of new schemes within the first week succeeding every quarter on cumulative basis. Non-compliance in this regard shall invite penal action.

Meter Testing Arrangements

15.7 The Commission directs the JKPDD-D to put in place an accredited independent third party meter testing arrangement in all districts and also prepare norms for allowing consumers to purchase their own meters of approved specification of competent authority duly tested and certified by such accredited third party testing agencies. In-Situ meter testing facilities may be included at Divisional & Sub-Divisional levels in J&K.

Theft and Pilferage of Electricity

15.8 The progress made by the Petitioner regarding theft detection and penalizing the defaulters has been very slow. Thus Commission reiterates its earlier directive that the Utility should constitute a task force in each circle to carry out massive raids on a regular basis to check pilferage of electricity. The officers in charge of the concerned Circles shall have to be made answerable in case of detection of theft/pilferage of electricity in their areas of operation, besides booking those consumers committing theft/pilferage and penal action taken against them.

15.9 The Commission further directs the Petitioner to submit the quarterly reports within first week of the month succeeding the quarter on 'Theft Detection and Penalty Imposed/Realized' and make available these reports in the public domain so that the efforts of the Utility in curbing theft can be recognized by the masses. It is to be noted that these reports should also include additional information such as FIR lodged etc.

Low Load Factor

15.10 The Commission reiterates its earlier directive that the Utility should undertake testing of all those consumers in non-domestic and LT Industries categories whose monthly load factor is less than 1%. The Utility is also directed to undertake the exercise of establishing the Load Factor Data base of the state and submit the report by 30th September 2013.

Load Generation Balance Report (LGBR)

15.11 The Commission noted that as no consumer in the State is getting supply for 24 X 7 hours, it clearly points that the Petitioner is resorting to unscheduled load shedding and as such the Petitioner's plan for power procurement is made on basis of curtailed supply hours. Many objectors during the public hearings have also made representation to the Commission with respect to this issue. They have pointed out that the Petitioner resorts to load shedding without making public any schedule for doing so and such unscheduled curtailment should not be resorted to.

15.12 In view of above issue, the Commission directs the Petitioner to make the details of load shedding available in public domain in advance and also submit to the Commission a Load Generation Balance Report (LGBR) on power procurement planning based on actual hours of supply made to consumers.

Energy Awareness Programme

15.13 The Commission directs the Utility to submit quarterly compliance report within first week of the month succeeding the quarter under the 'Bureau of Energy Efficiency' sponsored schemes including the Bachat Lamp Yojana.

Metering

15.14 The Commission directs the licensee to develop a comprehensive metering plan for completion by end of FY 2015-16 and get it approved by the State Government with an undertaking of the support of GoJK on compliance of the relevant provisos of the Act by the Licensee. Further the Utility is directed to submit the State Government approved metering plan to the Commission before the completion of existing deadline i.e. by 30th June 2013.

Segregation of Costs

15.15 The Commission directs the Utility to maintain asset data for opening GFA and the audited data for both distribution and transmission function and submit the same to the Commission by 30th September, 2013.

ToD Tariff

15.16 The Commission reiterates its earlier directive and directs the Utility to submit the report on assessment of ToD Tariff including consumption details of peak and off-peak periods for all HT consumers on a monthly basis before 30th September 2013.

Demand Side Management

15.17 The Commission notes that the Petitioner failed to submit a detailed Demand Side Management (DSM) plan along with the ARR & Tariff petition for the MYT Control period from FY 2013-14 to FY 2015-16 as directed by the Commission earlier. Further, the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 also provide that the Petitioner should develop a comprehensive power purchase and procurement plan after accounting for DSM Plan. Thus, the Commission again directs the Petitioner to submit a DSM Plan for approval of the Commission by 30th June 2013.

Arrear Recovery

15.18 The Commission reiterates its earlier directive that the Utility should submit quarterly reports on arrears outstanding against each category of consumers. The Commission would like to know the collection, billing and accounting of arrears of previous years in the revenue realized of a particular year. A complete detail of arrears and their realization from FY 2006-07 should be made available to the Commission latest by 30th June, 2013.

Actual Cost of Supply

15.19 JKPDD is directed to conduct a study to determine the actual cost of supply for each consumer category as per the methodology prescribed by this Commission in the J&KSERC (Multi Year Distribution Tariff) Regulations, 2012 and submit the report by 30th September 2013.

A16: SCHEDULE OF MISCELLANEOUS CHARGES

Petitioners Submission

16.1 JKPDD has proposed no hike in schedule of miscellaneous charges for FY 2013-14.

Commissions Observations

16.2 The Commission has kept miscellaneous charges as approved in the previous Tariff Order for FY 2012-13 dated 16th April 2012.

16.3 The schedule for levying miscellaneous charges for FY 2013-14, as approved by the Commission is provided in the following table.

Table 99: Approved Schedule of Miscellaneous Charges

Sl.	Particulars	Approved Charges
1.	For single phase and three phase connection up to 5 kW a) Changing meter Board in same premises. b) Changing meter at consumer's request in same premises. c) Re-sealing PDD's cut out in consumer's premises.	 Rs. 60/- Rs. 60/- Rs. 20/-
2.	Re-sealing of meters, Maximum Demand indicators in consumer's premises a) Single phase LT connection. b) Three phase LT Connection. c) H.T. connection.	 Rs. 50/- Rs. 70/- Rs. 700/-
3.	Meter testing charges at consumer's request. a) Single phase LT meter b) 3 phase, 4w/3w meter, without C.T. meter c) 3 phase, 4w/3w meter, with C.T. meter d) L.T. C.T meter e) HT meters (along with metering equipment)	 Rs. 50/- Rs. 85/- Rs. 300/- Rs. 120/- each Rs. 1,200/-
4.	Special meter reading a) L.T. connection b) H.T. connection	 Rs. 25/- Rs. 220/-
5.	Replacement of burnt meter. (If burnt due to consumer's fault)	Cost of meter + 15% Supervision Charges
6.	Fuse off call charges – Replacement a) PDD's cut out fuse b) L.T. Consumer's fuse	 Rs. 20/- Rs. 20/-
7.	Replacement of missing meter card	Rs. 15/- per card
8.	Replacement of broken glass of meter	Rs. 35/- per glass
9.	Reconnection/disconnection charge LT Consumers HT Consumers	 Rs. 25/- Rs. 170/-
10.	Re-checking of installation on request of consumer a) Single Phase b) Three Phase	 Rs.75/- per installation Rs. 250/ per installation
11.	Re-rating of equipment	Rs.120/- per equipment

Sl.	Particulars	Approved Charges
12.	Supervision Charge for Service Connection (if Service line laid by consumer through licensed contractor) a) Single Phase LT Connections b) Three Phase LT Connections c) Loop LT Connections	 Rs. 175/- Rs. 400/- Rs. 95/-
13.	Parallel operation charge for availing grid support by CPP	Rs.18/- per kVA per month on the installed capacity of the CPP
14.	Shifting of connection	Actual cost of material + 15% Supervision Charge
15.	Hiring of utility's plant and equipment (i) For initial hire agreement period (ii) For subsequent period of hire agreement (iii) For L.T. consumers (more than 100 HP) converting to H.T.	1% p.m. on current schedule of rates. Twice of (i) Same as in (i) and (ii) above
16.	Transfer of name L.T. H.T.	 Rs. 100/- Rs. 600/-
17.	Booklet for HT/LT Tariff	Rs.20/-
18.	Connection/ Disconnection Charges for Temporary Connections a) LT Temporary Connection b) HT Temporary Connection	 Rs. 120/- Rs. 600/-

A17: TARIFF SCHEDULE FOR FY 2013-14

Schedule 1: Domestic Supply

Applicability

17.1 The Commission has fixed the applicability of the domestic tariff for supplies pertaining to domestic premises, religious institutions, group housing societies, orphanages, old-age and infirm homes, charitable institutions providing services free of cost or on nominal charges, post offices at residences of villagers and residential premises of architects, engineers, advocates, doctors, teachers, artists, weavers, stitching and embroidery workers occupying not more than 20% of built up area for respective professional purposes.

17.2 In addition, a separate Below Poverty Line (BPL) consumer category has been created to provide relief to socio-economic backward consumers for consumption upto 30 units/month. It should be noted that only those consumers will be included in the BPL category who would submit a BPL certificate from the Competent Authority of the State Government. In case consumption within this category exceeds beyond 30 units/ month, the consumption over and above 30 units/ month would be charged as per the applicable rates for domestic (metered) category in accordance with the relevant consumption slab.

Character of Services

(a) Alternating current (A.C.) 50 Hz, 230 Volts, for Single-phase upto a load of 5 kW

(b) A.C, 50 Hz, three phase, 400 volts for load above 5 kW upto 100 kW (115 kVA)

Rate of Charge

Table 100: Approved Tariff for Domestic Supply

Description	Approved Tariff for FY 2013-14
Below Poverty Line (Consumption upto 30 units/month)	
Energy charges (Rs./kWh)	1.19
Fixed Charges (Rs./kW or part thereof / month)	5.00
Metered Consumers	
Energy Charges for Metered Connection (Rs. / kWh)	
upto 100 units/ month	1.54
101- 200 units /month	2.00
201 - 400 units /month	3.00
> 400 units /month	3.20
Minimum Charges for contracted load (Rs./month)	
upto 1/4 kW	Nil
above 1/4 kW upto 1/2 kW	Nil

above 1/2 kW upto 1 kW	Nil
Above 1 kW for every 250 W, or part thereof	Nil
Fixed Charges for contracted load (Rs./kW or part thereof / month)	
For all units	5.00
Un-metered Consumers	
Flat Rate (Rs. / month)	
upto 1/4 kW	89
above 1/4 kW upto 1/2 kW	295
above 1/2 kW upto 3/4 kW	445
above 3/4 kW upto 1 kW	585
above 1 kW upto 2 kW	1,145
above 2 kW	Rs. 1,145 + Rs.460 for every additional ½ kW or part thereof above 2 kW

17.3 Group housing societies can avail single point power supply. The energy bill of a housing society shall be divided by the number of houses in it, to determine the consumption in each house.

17.4 If there are 10 houses in a society the consumption shall be charged in the following manner: The first 1000 (100 x 10) units would be charged at Rs 1.54/unit; the next 1000 (100 x 10) units at Rs 2.00/unit; next 2000 (200 x 10) units at Rs 3.00/unit and the remaining units at Rs 3.20/unit along with fixed charges for entire load at Rs.5 per kw per month.

17.5 Any matter regarding supply to Group Housing societies should be as per the Regulations laid down in J&KSERC (Supply Code) Regulations, 2011;

"4.120. The consumer shall not supply any energy supplied to him by the Licensee to another person or other premises unless he holds a suitable sanction or licence for distribution and sale of energy granted by the Commission/State Government or has been exempted by the Commission from holding license for sale.

4.121. In case of commercial, office or residential complexes including residential complexes constructed by an employer for his employees, where power supply is availed originally in the name of the builder or promoter of the complex and who subsequently transfers the ownership of the complex, either entirely, to different individuals or partly to different individuals retaining the balance for lease, the power supply may be continued in the following methods.

i) The builder or promoter of the complex in whose name the supply continues, is permitted to extend power supply to the individual owners of the flats etc. or to the lessee by installing sub-meters and to collect the cost of consumption of power from them on no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension of supply or resale of energy.

ii) In case the promoter or builder of the complex does not wish to have any stake in *the complex after promoting the complex, the service connection originally availed may be permitted to be transferred in the name of an Association or Society that may be formed in the complex and registered and the service agency so formed is permitted to extend supply to the individual owners of the flats etc. or lessees by installing sub-meters and to collect the cost for consumption of power from them on a no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension or resale of energy.*

Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category.

4.122 A panchayat/cooperative or a registered association of consumers may apply for supply of electricity to a group of consumers at a single point. In such cases, the body that has taken the connection shall be responsible for all payments of electrical charges to the Licensee and for collection from the consumers. Provided that the provisions of this clause shall not in any way affect the right of a person residing in the housing unit sold or leased by such a Cooperative Group Housing Society to demand supply of electricity directly from the distribution licensee of the area. Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category."

Schedule 2: Non-Domestic/ Commercial Supply

Applicability

17.6 This tariff category shall be applicable to the following: shops, showrooms, business houses, offices, educational/ technical institutions, clubs, meeting halls, places of public entertainment, hotels, cinemas, hospitals, dispensaries, clinics, nursing homes, X-ray units, diagnostic centers, pathological labs, fisheries, aqua-culture, sericulture, dairy, hatcheries, printing presses (other than those qualifying to be charged under the LT industrial supply category), milk chilling centers, poultry farms, cattle breeding farms, nurseries, plantations, mushroom growing, carpenters and furniture makers, juice centers, hoardings and advertisement services, typing institutes, internet cafes, STD/ ISD PCO's, FAX/ photocopy shops, tailoring shops, photo studios and color labs, laundries, cycle shops, compressors for filling air, restaurants, eating establishments, guest houses, marriage gardens, welding transformer and lathe machines for repair works and services, book binders, petrol pumps and service stations, lifts and other appliances in shopping centers and offices, tourist house boats, and similar other establishments.

17.7 In addition, any connection not covered under the other categories shall be billed under this category. However, this would exclude connections pertaining to State/ Central Government or Defence services, which have been included in a separate category.

Character of Services

(a) AC, 50 Hz, 230 Volts, Single-phase upto a load of 5 kW.

(b) AC, 50 Hz, three phase, 400 volts supply for load above 5 kW upto 100 kW (115 kVA).

Rate of Charge

Table 101: Approved Tariff for Non Domestic/ Commercial Supply

Particulars	Approved Tariff for FY 2013-14
Metered Non-Domestic Tariff	
Energy Charges (Rs./kWh)	
Single Phase	
Upto 100 units/month	2.55
101 to 200 units/month	2.70
201 to 300 units/month	3.90
Above 300 units/month	4.20
Three Phase	
For all units	4.55
Fixed Charges (Rs. / kW / month) Load (in kW) to be rounded off to the next 1/2 kW for the purpose of application of Fixed Charges. (Example: 0.25 kW to be charges as 0.5 kW and 1.2 kW to be charged as 1.5 kW and so on.)	

Particulars	Approved Tariff for FY 2013-14
For connections with sanctioned load below 100kW (115 kVA) supplied and metered on HT, 5% rebate on energy charges of Non-Domestic/Commercial Tariff shall be allowed.	
Single Phase	40.00
Three Phase	95.00
Un-Metered Non-Domestic Tariff	
Flat Rate Charges (Rs. / month)	
Upto 1/4 kW	280
above 1/4 kW upto 1/2 kW	720
above 1/2 kW upto 1 kW	1,430
above 1 kW *	1,925
* and part thereof for every kW above 1 kW	1,925

17.8 Any matter regarding supply to Commercial Complexes with Single Point Delivery/supply should be as per the Regulations laid down in J&KSERC (Supply Code) Regulations, 2011;

"4.120. The consumer shall not supply any energy supplied to him by the Licensee to another person or other premises unless he holds a suitable sanction or licence for distribution and sale of energy granted by the Commission/State Government or has been exempted by the Commission from holding license for sale.

4.121. In case of commercial, office or residential complexes including residential complexes constructed by an employer for his employees, where power supply is availed originally in the name of the builder or promoter of the complex and who subsequently transfers the ownership of the complex, either entirely, to different individuals or partly to different individuals retaining the balance for lease, the power supply may be continued in the following methods.

i) The builder or promoter of the complex in whose name the supply continues, is permitted to extend power supply to the individual owners of the flats etc. or to the lessee by installing sub-meters and to collect the cost of consumption of power from them on no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension of supply or resale of energy.

ii) In case the promoter or builder of the complex does not wish to have any stake in the complex after promoting the complex, the service connection originally availed may be permitted to be transferred in the name of an Association or Society that may be formed in the complex and registered and the service agency so formed is permitted to extend supply to the individual owners of the flats etc. or lessees by installing sub-meters and to collect the cost for consumption of power from them on a no-profit no-loss basis (i.e. sharing of expenses of consumption of electricity) and this shall not be treated as unauthorized extension or resale of energy.

Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff *category.*

4.122 A panchayat/cooperative or a registered association of consumers may apply for supply of electricity to a group of consumers at a single point. In such cases, the body that has taken the connection shall be responsible for all payments of electrical charges to the Licensee and for collection from the consumers. Provided that the provisions of this clause shall not in any way affect the right of a person residing in the housing unit sold or leased by such a Cooperative Group Housing Society to demand supply of electricity directly from the distribution licensee of the area. Provided that the tariff charged from ultimate consumers should under no circumstance exceed that prescribed by the Commission for the respective tariff category."

Schedule 3: State/ Central Government Departments

Applicability

17.9 The Commission has fixed the applicability of the State/ Central Government department category to connections taken by Departments of the State and the Central Governments, defense and para-military forces, excluding public sector enterprises/ undertakings.

17.10 This shall not include connections taken for agricultural purposes, water pumping and street lighting by the State Government Departments for which tariffs provided in the appropriate tariff schedules shall apply.

Character of Services

(a) AC, 50 Hz, 230 Volts; Single-phase upto a load of 5 kW

(b) AC, 50 Hz, three phase; 400 volts supply for sanctioned load above 5 kW upto 100 kW (115 kVA)

(c) AC, 50 Hz, three phase; 11 kV supply for sanctioned load above 100 kW (115 kVA) upto 1 MVA

(d) AC, 50 Hz, three phase; 33 kV and above supply for sanctioned load above 1 MVA

Rate of Charge

Table 102: Approved Tariff for State/ Central Government Departments

Particulars	Approved Tariff for FY 2013-14
Energy Charges (Rs./ kWh)	6.30
11 kV Supply	2.5% rebate on energy charges
33 kV and above Supply	5.0% rebate on energy charges
Fixed Charges Rs./ kW Load (in kW) to be rounded off to the next whole number for the purpose of application of Fixed Charges.	
For metered consumers	30.00

Schedule 4: Agricultural Supply

Applicability

17.11 The Commission has fixed applicability of the agricultural tariff to agricultural loads and lift irrigation connections including threshers. This is also applicable to State Govt. lift irrigation and pumping loads in this category.

Character of Services

(a) AC, 50 Hz, 230 Volts, Single-phase upto a load of 5 kW (6.70 HP)

(b) AC, 50 Hz, three phase, 400 volts supply for sanctioned load upto 100 kW (134 HP)

(c) AC, 50 Hz, three phase, 11kV supply for sanctioned load above 100 kW (134 HP) upto 1 MVA

(d) AC,50 Hz, three phase, 33/66kV supply for sanctioned load above 1 MVA

Rate of Charge

Table 103: Approved Tariff for Agriculture Supply

Particulars	Approved Tariff for FY 2013-14
Metered Tariff	
Energy Charges (Rs./kWh) *	
0 to 10 HP	0.60
11 to 20 HP	0.65
Above 20 HP	4.75
Minimum Charges for connected load (Rs./HP/Annum)	
0 - 10 HP	Nil
11 to 20 HP	Nil
Above 20 HP	Nil
Fixed Charges for connected load (Rs/HP/month)	
0 - 10 HP	15.00
11 to 20 HP	20.00
Above 20 HP	40.00
* 2.5% & 5% rebate on Energy Charges for connection at 11 kV and 33 kV and above respectively.	
Flat Rate Un-metered for connected load (Rs./HP month)	
0 to 10 HP	185
11 to 20 HP	200
Above 20 HP	1,275

Schedule 5: Public Street Lighting

Applicability

17.12 The tariffs for this category will be applicable to public street lighting established and maintained by Corporations, Municipalities, Town Area/ Notified Area Committees, other local bodies and agencies authorized by the State Government to establish and maintain public street lighting.

Character of Services

(a) AC, 50 Hz, 230 Volts, Single-phase upto a load of 5 kW;

(b) AC, 50 Hz, three phase, 400 volts supply for load above 5 kW.

Rate of Charge

Table 104: Approved Tariff for Public Street Lighting

Particulars	Approved Tariff for FY 2013-14
Metered Tariff	
Energy Charge	
Rs./ kWh	5.00
Fixed Charge Load (in kW) to be rounded off to the next whole number for the purpose of application of Fixed Charges	
Rs./ kWh (for metered consumers)	40.00
Un-metered Tariff	
Rs./ kW/ month or any part thereof	1,350

Schedule 6: LT Public Water Works

Applicability

17.13 The tariffs for this consumer category shall apply to water works and sewerages/ drainage installations established and maintained by Corporations, Municipalities, Town Area/ Notified Area Committees, other local bodies and Government agencies authorized by the State Government to establish and maintain public water works/ sewerage installations.

Character of Services

(a) AC, 50 Hz, 230 Volts, Single-phase upto a load of 5 kW (6 kVA)

(b) AC, 50 Hz, three phase, 400 volts supply for sanctioned load upto 100 kW

Rate of Charge

Table 105: Approved Tariff for LT Public Water Works

Particulars	Approved Tariff for FY 2013-14
Metered Tariff	
Energy Charge	
For all Units (Rs./ kWh)	5.55
Fixed Charges Load (in kW) to be rounded off to the next whole number for the purpose of application of Fixed Charges	
For metered consumers (Rs./ kW/ month)	45.00
Un-metered Charge	
Rs. / kW /month	1,465

Schedule 7: HT Public Water Works

Applicability

17.14 The tariffs for this consumer category shall apply to water works and sewerages/ drainage installations established and maintained by Corporations, Municipalities, Town Area/ Notified Area Committees, other local bodies and Government agencies authorized by the State Government to establish and maintain public water works/ sewerage installations.

Character of Services

(a) AC, 50 Hz, three phase; 11 kV supply for load upto 1 MVA.

(b) AC, 50 Hz, three phase; 33 kV and above supply for sanctioned load above 1 MVA

Rate of Charge

Table 106: Approved Tariff for HT Public Water Works

Particulars	Approved Tariff for FY 2013-14
Metered Consumers	
11 kV Supply	
Energy Charge (Rs./ kVAh) *	3.95
Demand Charge (Rs./ kVA/ Month) *^	220
** For Connections above 100 kW metered on LT, Additional 5% Surcharge on Demand and Energy Charges at 11 KV tariff shall be chargeable* *^ Or part thereof on billing demand*	
33 kV and above Supply	
Energy Charge (Rs./ kVAh)	3.75
Demand Charge (Rs./ kVA/ Month) ^	210
^ Or part thereof on billing demand	

Schedule 8: LT Industrial Supply

Applicability

17.15 The Commission has decided that LT industrial supply shall be applicable to all units registered with the Industries & Commerce Department, Government of J&K, and covered under the Factories Act. The list of entities covered shall include various industrial installations and workshops with manufacturing facilities, where raw materials are converted to finished goods. This shall mean and include all energy consumed in factory, offices, stores, canteen, compound lighting, etc. and the consumption for residential use therein.

17.16 The Commission has introduced Separate category namely LTIS II in order to provide relief to "Atta Chakkis, Rice huskers, Oil expellers, cotton grinning, etc" in rural and unorganized sector having load upto 10 HP (7.46 kW). LTIS I would include all LT industrial consumers except those covered under LTIS II.

Character of Services

(a) AC, 50 Hz, 230 Volts, single-phase upto a load of 5 kW.

(b) AC, 50 Hz, three phase, 400 volts supply for sanctioned load upto 100 kW

Rate of Charge

Table 107: Approved Tariff for LT Industrial Category

Particulars	Approved Tariff for FY 2013-14
LTIS I (for all metered consumers except those covered under LTIS II)	
Energy Charges (Rs./kWh) *	3.00
Fixed Charges (Rs./kW/month) ^	47
* For Connections with sanctioned load below 100 kW supplied and metered on HT, 5% rebate on Energy Charges shall be allowed. ^ Load (in kW) to be rounded off to the next whole number for the purpose of application of Fixed Charges.	
LTIS II (for all metered consumers as mentioned in para 17.16 and having load upto 10 HP/ 7.46 kW)	
Energy Charges (Rs./kWh) *	3.00
Fixed Charges (Rs./kW/month) ^	20
* For Connections with sanctioned load below 100 kW supplied and metered on HT, 5% rebate on Energy Charges shall be allowed. ^ Load (in kW) to be rounded off to the next whole number for the purpose of application of Fixed Charges.	

Schedule 9: HT Industrial Supply

Applicability

17.17 The Commission has decided that HT industrial supply shall be applicable to all units registered with the Industries department, Government of J&K, and covered under the Factories Act. This shall mean and include all energy consumed in factory, offices, stores, canteen, compound lighting, etc. and residential use therein, excluding power intensive industries.

Character of Services

(a) AC, 3 phase; 50 Hz on 11 KV with sanctioned load above 100 kW upto 1 MVA

(b) AC, 3 phase; 50 Hz, 33 KV and above for sanctioned load of 1 MVA and above

Rate of Charge

Table 108: Approved Tariff for HT Industrial Category

Particulars	Approved Tariff for FY 2013-14
11 kV Supply	
Energy Charge (Rs./ kVAh) *	2.68
Demand Charge (Rs./ kVA/ Month) *^	130
* For Connections with sanctioned load above 100 kW metered on LT, Additional 5% Surcharge on Demand & Energy Charges at 11 KV tariff shall be chargeable; ^ Or part thereof on Billing Demand	
33 kV Supply	
Energy Charge (Rs./ kVAh)**	2.60
Demand Charge (Rs./ kVA/ month) ^	130
** Rebate to Connections at higher voltages: For 66 kV – 1.5% on the Energy Charge for 33 kV Supply; ^ Or part thereof on Billing Demand	

(a) The billing demand for any month shall be taken to be the higher of the actual maximum recorded demand or 75% of the Contract Demand.

(b) The demand in excess of contracted load shall be billed in accordance with para nos. 13.9, 13.10 and 13.11 of the Section A13: Terms and Conditions of Tariff/ Definitions of this Order.

Schedule 10: HT Industrial Supply for Power Intensive Industries

Applicability

17.18 The Commission has decided that HT Industrial Supply for Power Intensive Industries shall be applicable to all units registered with the Industries & Commerce Department, Government of J&K, and covered under the Factories Act. This category shall apply to HT consumers manufacturing any one of the following products and/ or industries engaged in any one or more of the processes listed below and/ or using induction/ arc furnaces. This shall mean and include all energy consumed in factory, offices, stores, canteen, compound lighting, etc. and the consumption for residential use therein.

(a) Calcium carbide

(b) Caustic soda

(c) Charge chrome

(d) Ferro manganese

(e) Ferro silicon

(f) Ferro alloys

(g) Potassium chlorate

(h) Silicon carbide

(i) Sodium chlorate

(j) Sodium metal

(k) Chlorates/ per chlorates

(l) Melting of metals and alloys

(m) Industries engaged in electro-chemical/ electro-thermal processes

(n) Industries using induction/ arc furnace

(o) In other cases, where the cost of power is more than 25% of the cost of the product manufactured.

Character of Services

(a) AC, 3 phase; 50 Hz, 11 KV upto 1 MVA

(b) AC, 3 phase; 50 Hz, 33 KV and above for load of 1 MVA and above

Rate of Charge

Table 109: Approved Tariff for HT Industrial Supply for Power Intensive Industries

Particulars	Approved Tariff for FY 2013-14
11 kV Supply	
Energy Charge (Rs./ kVAh)	3.21
Demand Charge (Rs./ kVA/ Month) ^	195
^ Or part thereof on Billing Demand	
33 kV Supply	
Energy Charge (Rs./ kVAh) *	2.98
Demand Charge (Rs./ kVA/ month) ^	190
* Rebate to Connections at higher voltages: For 66 kV – 1.5% on the Energy Charge for 33 kV Supply; ^ Or part thereof on Billing Demand	

(a) The billing demand for any month shall be taken to be the higher of the actual maximum recorded demand or 75% of the Contract Demand.

(b) The demand in excess of contracted load shall be billed in accordance with para nos. 13.9, 13.10 and 13.11 of the Section A13: Terms and Conditions of Tariff/ Definitions of this Order.

Schedule 11: General Purpose Bulk Supply

Applicability

17.19 This category contains all non-industrial consumers having mixed type of load greater than 100 kW (115 kVA). This includes domestic consumers, offices, educational/ technical institutions, religious institutions, residential colonies, commercial establishments and other similar loads.

17.20 All connections having load of 100 kW or above and not covered in any other categories shall be billed under tariffs applicable to this category. However, any such connections belonging to State/ Central Governments, Defence and Para-military forces shall not be considered in this category.

Character of Services

(a) AC, 3 phase; 50 Hz on 11 KV upto 1 MVA.

(b) AC, 3 phase; 50 Hz on 33 KV and above .for load of 1 MVA and above

Rate of Charge

Table 110: Approved Tariff for General Purpose Bulk Supply

Particulars	Approved Tariff for FY 2013-14
11 kV Supply	
Energy Charge (Rs./ kVAh) *	3.78
Demand Charge (Rs./ kVA/ Month) *^	193
* For Connections above 100 kW metered on LT, Additional 5% Surcharge on Demand and Energy Charges at 11 KV tariff shall be chargeable ^ Or part thereof on Billing Demand	
33 kV Supply	
Energy Charge (Rs./ kVAh)**	3.62
Demand Charge (Rs./ kVA/ month) ^	187
** Rebate to Connections at higher voltages: For 66 kV – 1.5% on the Energy Charge for 33 kV Supply; ^ Or part thereof on Billing Demand	

(a) The billing demand for any month shall be taken to be the higher of the actual maximum recorded demand or 75% of the Contract Demand.

(b) The demand in excess of contracted load shall be billed in accordance with para nos. 13.9, 13.10 and 13.11 of the Section A13: Terms and Conditions of Tariff/ Definitions of this Order.

Schedule 12: LT and HT Temporary Connections

Applicability

17.21 The Commission has fixed the applicability of this category to all loads of temporary nature, such as exhibitions, touring talkies, circuses, fairs, marriages, temporary agricultural loads, temporary supply for construction including civil works by Government departments and other similar purposes.

Rate of Charge

17.22 The Commission has approved the tariff for temporary connections at 1.5 times the applicable rates (on fixed/ demand and energy charges).

Time Period for Temporary Connection

17.23 Temporary connections shall be granted for a period of upto 3 months at a time. However, if the period of temporary connection is extended beyond 3 months, the tariff would be two times of the applicable fixed/demand and energy charges.

A18: ANNEXURE

Annexure 1: List of participants in State Advisory Committee Meeting

Table 111: List of participants in State Advisory Committee Meeting

S.No	Name	Department/ Organization
1.	S.M.Desalphine	Chairman, J&KSERC
2.	D.S.Pawar	Member, J&KSERC
3.	G.M.Khan	Member, J&KSERC
4.	R K Seli	Technical Consultant, J&KSERC
5.	Ravi Kanth Verma (KAS)	Secretary, J&KSERC
6.	Virinder Kumar Sarangal	Superintending Engineer, J&KSERC
7.	Renu Mahajan	Deputy Secretary (Law), J&KSERC
8.	D.S.Tara	Ex. Secretary, J&K SERC
9.	Manzoor Salroo	DCP, JKPDD
10.	Shahnaz Goni	CE, M&RE Jammu, JKPDD
11.	Vinod Khajuria	CE, Commercial, JKPDD
12.	Gurbachan Singh	SE, EM&RE Civ-I, JKPDD
13.	Nasib Singh	SE, Commercial & Survey Circle
14.	S P Gupta	SE, S&O Circle-I, Jammu
15.	Azhar Vakil	AEE Commercial
16.	Ravi Chanyal	Sr. G.M, J&K SPDC
17.	Y.V.Sharma	SAC Member, President, Chamber of Commerce and Industries, Jammu.
18.	Annil Suri	Chairman, Federation of Industries, Jammu, President, BBIA
19.	S R Galotra	Jt. Director (Rep. of SAC Member)
20.	Khyati Gupta	PwC, Consultant to J&K SERC
21.	Nitin Gupta	Consultant to JKPDD

Note: Some names and their spellings may vary from the actual details since the attendance sheets were filled by hand and some of the handwritings were not legible.

Annexure 2: List of stakeholders who responded to the public notice

Table 112: List of objectors

S.No.	Objector
1.	Annapurna Laminators Pvt. Ltd., Lane No.4, SIDCO Industrial Complex, Bari Brahmana, Jammu
2.	Association of Industries ,ASSI Bhawan, 52-A, Phase-I, Industrial Area, Gangyal, Jammu
3.	Annil Suri, Bari Brahmana Industries Association(Regd.)
4.	Jammu Casting Pvt.Ltd, Lane No.3,Phase II, Sidco Ind. Complex, Bari-Brahmana, Jammu.
5.	M/s Swift Scales & System, Lane No-3, SIDCO Ind. Complex,Bari Brahmana, Jammu.
6.	Narbada Steels Ltd, SIDCO Industrial Complex, Bari Brahmana, Jammu
7.	President (Y.V.Sharma), Chamber of Commerce & Industry(Regd.)
8.	Resp Faucet Industries, Lane-2,SIDCO Industrial Complex, Bari Brahmana, Jammu.
9.	Shree Guru Kripa Alloys (P)Ltd., Lane No.3,Phase I, Sidco Ind.Complex,Bari-Brahmana, Jammu.
10.	Vikrant Kuthiala, Chairman, On behalf of PHD Chamber of Commerce, J&K Committee, Jammu.
11.	Shree Sita Ram Industries Pvt. Ltd.
12.	Tapan Dubey, Haryana Malleable & Alloy Casting Pvt. Ltd.
13.	Tapan Dubey, Director, J&K Pulp & Papers Pvt. Ltd.
14.	Nexus Steel Engineers
15.	Viraaj Malhotra, Malhotra Overseas P. Ltd., Lane No-4, Phase –II, Sidco Industrial Complex, Bari Brahmana, Jammu
16.	Ashok Anand, M.G.Industries, Sidco, Bari Brahmna
17.	M/s Shalimar Floorings Pvt. Ltd., Bari Brahmna, Jammu
18.	Vivek Singhal, Shree Ganesh Containers, Sidco Industrial Complex, Bari Brahmana, Jammu
19.	S K Srivastav, Star Industries, Bari Brahmna, Jammu
20.	Vivek Singhal, Ganpati Pet, Sidco Industrial Complex, Bari Brahmna, Jammu
21.	Deepak Aggarwal, Chamber of Commerce&Industry
22.	Zahoor Ahmad Bhat, President, FCIK
23.	Shabir Ahmad, President, Kashmir Printers Association
24.	K C Sharma, Executive President, Satluj Textiles & Industries

Annexure 3: List of participants in Public Hearings

Table 113: Participants at Jammu Hearing held on 18 March 2013 at PWD Guest House, Gandhinagar

S.No	Name	Department/Organization
1.	S.M.Desalphine	Chairman, J&KSERC
2.	D.S.Pawar	Member, J&KSERC
3.	G.M.Khan	Member, J&KSERC
4.	R.K.Seli	Technical Consultant, J&KSERC
5.	Ravi Kanth Verma (KAS)	Secretary, J&KSERC
6.	Virinder Kumar Sarngal	Superintending Engineer, J&KSERC
7.	Renu Mahajan	Deputy Secretary (Law), J&KSERC
8.	Manzoor Salroo	DC (Power)
9.	D.S.Tara	Ex. Secretary, J&K SERC
10.	I A Wani	FA & CAO, PDD
11.	P.B.Khajuria	Ex. M.D, J&K SPDC
12.	Vinod Khajuria	CE Commercial
13.	Ajay Gupta	CE S&O Jammu
14.	Nasib Singh	SE, Commercial & Survey Circle
15.	Ashwani Gupta	SE PDD
16.	Azhar Vakil	AEE Commercial
17.	Ravi Chanyal	Sr. G.M, J&K SPDC
18.	Y.V.Sharma	SAC Member, President, Chamber of Commerce and Industries, Jammu.
19.	Vikram Gour	President, Consumer Welfare Association
20.	Annil Suri	(SAC Member), Chairman, Federation of Industries, Jammu, President, BBIA
21.	Vikrant KutHiala	PHDCCI, J&K State Committee
22.	Dr. Karan	President, RWAG Society Honouring Honest
23.	Iqbal Singh Samyal	Founder, Chairman JE Social Audit Organisation (Civil Society & World Affairs)
24.	Sikander Sain	-
25.	Veena Bakshi	J.M.U.K NGO
26.	Aditya Gupta	Advocate for Association of Industries, Gangyal
27.	Virendra Jain	General Secretary, Association of Industries, Gangyal.
28.	Balbir Kumar Gupta	President, Association of Industries, Gangyal
29.	Kulbhushan Gupta	PHD Member
30.	Kuldeep Gupta	PHD Member
31.	Ajay Gandotra	PHD Member
32.	M.L.Mathur	PHD Resident Director
33.	L S Puri	Treasury AOI Gangyal
34.	Vishal Gupta	Jammu Casting
35.	Vishal Gupta	Shree Guru Kripa Alloys
36.	K.C.Sharma	Chenab textile Mill (Kathua),
37.	G P Gupta	Chenab textile Mill (Kathua),

S.No	Name	Department/Organization
38.	Chander Vadan	Company Secretary
39.	S K Samotra	Star Industries B/Brahmna
40.	Tapan Dubey	Secretary, BBIA
41.	S B Abrol	Sr. Vice President, AoI Gangyal
42.	Rahul Bansal	Executive Director, Narbada Steel Ltd.
43.	Deepak Aggarwal	Secretary CCI
44.	Vipul Goel	Consultant, J&K SERC
45.	Nitin Gupta	Consultant, J&K PDD
46.	Satnam Singh	Consultant, J&K PDD
47.	Nazir Ahmad	Security Officer

Note: Some names and their spellings may vary from the actual details since the attendance sheets were filled by hand and some of the handwritings were not legible.

Table 114: Participants at Srinagar Hearing held on 20th March 2013 at IMPA Auditorium, Srinagar

S.No	Name	Department/Organization
1.	S.M.Desalphine	Chairman, J&KSERC
2.	D.S.Pawar	Member, J&KSERC
3.	G.M.Khan	Member, J&KSERC
4.	R.K.Seli	Technical Consultant, J&KSERC
5.	Ravi Kanth Verma (KAS)	Secretary, J&KSERC
6.	Virinder Kumar Sarngal	Superintending Engineer, J&KSERC
7.	Renu Mahajan	Deputy Secretary (Law), J&KSERC
8.	Manzoor A Salroo	DC (Power)
9.	Muzafar Mattu	Chief Engineer, M&RE, Kashmir
10.	Vinod Khajuria	CE Commercial
11.	Sheikh Gul Ayaz	Chief Engineer, System & Operation Wing, Kashmir
12.	B A Khan	SE M&RE
13.	Harmohan Singh	SE S&O Circle-II
14.	Khurshid Ahmad	SE M&RE Circle-I
15.	Fayaz Andrabi	SE S&O
16.	S K Zutshi	SE M&RE Circle-II
17.	Azhar Ahmad Khan	Ex Engineer
18.	Mohammad Yousuf Baba	Executive Engineer
19.	Shaowkat Banday	Xen, ED II Sgr
20.	Aijaz A Dar	Xen, ED III Sgr
21.	Hamid-U-llah Wani	Xen STD-II
22.	Manzoor Ahmad	Xen
23.	Anwar Subhan	Ex. Engg. GCD
24.	Joginder Singh	Ex. Engg. TLMD-III
25.	B S Jaggi	Ex Engg TLMD-I
26.	Arshad Hussain Reshi	Ex. Engg. TLMD-II
27.	Javed Yousuf Dar	Xen TLCD-II
28.	Hashmat Qazi	Xen ED I

S.No	Name	Department/Organization
29.	Azhar Vakil	AEE, Commercial
30.	Malik Kausar Hamid	JE ED-III
31.	Zahoor Ahmad Bhat	President, FCIK
32.	Faiz Bakshi	President KHAROF
33.	Adil Khan	-
34.	Ghulam Jeelani	Secretary FCIK
35.	Mohammad Ashraf Mir	Sr. Vice President, FCIK
36.	Nazir Ahmad Shikari	Secretary general, FCIK
37.	Syed Fazil Illahi	Speakef FCIK
38.	Mukhmoor Gowhar	E M Printing Industry
39.	Gulam Md. Bhat	EC Member, FCIK
40.	M A Shora	Roshni Afrat
41.	Shabir Ahmad	Kashmir Printer Association
42.	Surinder Singh	
43.	Gulam Nabi	
44.	N A Lone	Saifco Cement
45.	Ahmad Ali	EC Member, FCIK Khanmoh
46.	Ab Qayoom Shah	Vice President JK Khanmoh
47.	Vipul Goel	Consultant, J&KSERC
48.	Nitin Gupta	Consultant, J&K PDD

Note: Some names and their spellings may vary from the actual details since the attendance sheets were filled by hand and some of the handwritings were not legible.