Jammu & Kashmir
State Electricity Regulatory Commission

Order
on
True-Up for FY 2013-14,
Annual Performance Review for FY 2014-15
and
Determination of ARR and Tariff for FY 2015-16
for
Power Development Department (Distribution),
Govt. of J&K

Srinagar
August 2015

Jammu & Kashmir State Electricity Regulatory Commission
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Before

Jammu & Kashmir State Electricity Regulatory Commission

Petition No: JKSERC/55 of 2015

In The Matter Of:

Filing of Petition for approval of True-Up for FY 2013-14, Annual Performance Review (APR) for FY 2014-15 of the 3-Year Multi Year Tariff (MYT) period from FY 2013-14 to FY 2015-16 and Tariff proposal for FY 2015-16 for Jammu and Kashmir Power Development Department - Distribution Business.

And

In The Matter Of:

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

ORDER

Order No.: 39-JKSERC of 2015

(Passed on 18th August, 2015)

1. This Order relates to True-Up for FY 2013-14, Annual Performance Review (APR) for FY 2014-15 and Aggregate Revenue Requirement (ARR) and tariff proposal for FY 2015-16 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 JKSERC or the Commission) pertaining to the first Multi-Year Tariff (MYT) control period beginning FY 2013-14 to FY 2015-16. The Petition was filed as per the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 as amended from time to time and in accordance with the J&K Electricity Act, 2010.

2. As per sub-Regulation (4) of Regulation 47 of JKSERC (Conduct of Business) Regulations, 2005 and Sub-Regulation (2) of Regulation 12 of JKSERC (Multi Year Distribution Tariff) Regulations, 2012, the Petitioner was required to file the Petition for True-Up for FY 2013-14, Annual Performance Review (APR) for FY 2014-15 to assess the performance vis-à-vis the target approved by the Commission at the beginning of the Control period and Tariff proposal for FY 2015-16 by 30th November, 2014.

3. However, there was delay in filing of the Petition by JKPDD-D. The Petitioner filed the Petition for True-Up for FY 2013-14, APR for FY 2014-15 and tariff proposal for FY 2015-16 for its distribution business on 8th May, 2015. On detailed analysis of the Petition, the Commission observed several information gaps and discrepancies in the Petition for which additional information was sought from the Petitioner vide Commission's letters No. JKSERC/ Secy/ 10/161-63 dated 14th May, 2015, JKSERC/Secy/10/233-34 dated 15th June, 2015 and JKSERC/Secy/10/2014/340-41 dated 2nd July, 2015.

4. Meanwhile, the Commission admitted the Petition on 15th June, 2015 and accordingly vide its letter no. JKSERC/Secy/10/233-34 dated 15th June, 2015 directed the Petitioner to publish the gist of the Petition for True-Up for FY 2013-14, APR for the FY 2014-15 and Tariff proposal for FY 2015-16 as public notice and invite comments/ objections/suggestions from the stakeholders on the above mentioned petitions filed.

5. The approved gist of the Petition was published by the Petitioner in several widely read newspapers on 17th and 18th June, 2015.

6. The copy of the Petition was also made available on the websites of the Commission and the Petitioner.

7. The stakeholders were requested to submit their written comments/ suggestions/ objections latest by 3rd July, 2015. The stakeholders were also given an option to be heard in person at the public hearings.

Public Hearings

8. In order to maintain transparency in the tariff setting process, the Commission involved the stakeholders by initiating a public consultation process to elicit their views on various aspects of the Petition filed by the Petitioner. Accordingly, Public hearings were held at Jammu and Srinagar as per the details summarized in following table.

Table 1: Details of Public Hearings

Place/ city	Date	Location
Jammu	22.07.2015	PWD Guest House, Gandhi Nagar
Srinagar	25.07.2015	J&K IMPA, Srinagar

9. Various industrial organizations and consumer bodies attended the public hearings and represented their interests. The comments/ objections/ suggestions received during the hearings have been duly considered while finalizing this Order.

Meeting of the State Advisory Committee

10. The Commission convened a meeting with the Members of the State Advisory Committee (SAC) on 29th July, 2015 for the purpose of discussing the Petition for True-Up for FY 2013-14, APR for FY 2014-15 and tariff revision proposal for FY 2015-16 filed by the JKPDD-D.

11. JKPDD gave a PowerPoint presentation providing a gist of the Petition filed by the Utility. The presentation also highlighted some of the steps being taken by the Utility for reduction of the alarmingly high T&D as well as AT&C losses in the State and present status of the implementation of R-APDRP in the State.

12. Several points were raised and discussed during the SAC meeting, which have been noted by the Commission and suggestions made by the members of the Committee and other points discussed have been considered by the Commission in this Order.

Implementation of the Order

13. As there was no approved tariff for raising the bills on account of energy sales and recovery of electricity charges from 1st April, 2015 up to the determination and notification of new Tariff Order, JKPDD-D vide Petition dated 4th March, 2015, prayed to the Commission to extend the date of existing approved tariffs applicable for FY 2014-15 for a period of 4 months from the commencement of FY 2015-16 i.e. till 31st July, 2015 for all categories of the consumers served by JKPDD in the State of Jammu & Kashmir.

14. In view of the above, the Commission vide its Order dated 13th March, 2015 and in exercise of powers conferred under the J&K Electricity Act, 2010 ordered that the Retail Tariffs for FY 2014-15 approved vide Commission's Order No. JKSERC/34 of 2014 dated 24th June, 2014 shall remain applicable from 1st April, 2015 onwards till 31st July, 2015.

15. The Commission has passed the present Order after admitting the Petition for True-Up for FY 2013-14, APR for the FY 2014-15 and Tariff proposal for FY 2015-16 of JKPDD-D with modifications and conditions. 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 provisions of this Tariff Order and JKSERC (Supply Code) Regulations, 2011.

16. This Tariff Order shall come into effect from 1st of August, 2015 and shall remain valid up to 31st March, 2016, unless amended or modified or extended by an order of this Commission.

17. JKPDD-D must take immediate steps for implementation and publication of this Order as per Regulation 51, Chapter-V of the JKSERC (Conduct of Business) Regulations, 2005.

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

19. 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 i.e. on the 18th of August, 2015.

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

(Basharat Ahmad Dhar)
Chairperson

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CHAPTER 1: 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 (GoJK), vide GO no. 264 PDD of 2012 dated 5th September, 2012, 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 unbundling was not complete, the Commission vide its Order No. JKSERC/135 of 2013 dated 25th April, 2013 approved separate ARR for the Distribution business of JKPDD for the entire MYT Control Period from FY 2013-14 to FY 2015-16. The Commission approved the Annual Performance Review for FY 2013-14 and tariff proposal for FY 2014-15 on 24th June, 2014. JKPDD-D has now filed the Petition for True-Up for FY 2013-14, Annual Performance Review (APR) for FY 2014-15 and Tariff proposal for FY 2015-16 as per the provisions of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 and JKSERC (Conduct of Business) Regulations, 2005.

Scope of the Present Order

1.8. The ambit of the present Order extends to approval of True-Up for FY 2013-14, APR for FY 2014-15 and determination of ARR and tariff for FY 2015-16 for the distribution business of JKPDD (hereinafter referred to as JKPDD-D of the Petitioner).

Procedural History

1.9. As per sub-Regulation (4) of Regulation 47 of JKSERC (Conduct of Business) Regulations, 2005 and Sub-Regulation (2) of Regulation 12 of JKSERC (Multi Year Distribution Tariff) Regulations, 2012, the Petitioner was required to file the Petition for True-Up for FY 2013-14, Annual Performance Review (APR) for FY 2014-15 to assess the performance vis-à-vis the target approved by the Commission at the beginning of the Control period and Tariff proposal for FY 2015-16 by 30th November, 2014.

1.10. However, there was delay in filing of the Petition by JKPDD-D. The Petitioner filed the Petition for True-Up for FY 2013-14, APR for FY 2014-15 and tariff revision proposal for FY 2015-16 for its distribution business on 8th May, 2015. On detailed analysis of the Petition, the Commission observed several information gaps and discrepancies in the Petition for which additional information was sought from the Petitioner vide Commission's letters No. JKSERC/ Secy/ 10/161-63 dated 14th May, 2015, JKSERC/Secy/10/233-34 dated 15th June, 2015 and JKSERC/ Secy/10/2014/340-41 dated 2nd July, 2015.

1.11. The Commission admitted the Petition on 15th June, 2015 after imposition of a fine of Rs. 20,000/- on the Utility for belated submission of the Petition. Accordingly vide its letter no. JKSERC/Secy/10/233-34 dated 15th June, 2015, the Commission directed the Petitioner to publish the gist of the Petition for True-Up for FY 2013-14, APR for the FY 2014-15 and Tariff proposal for FY 2015-16 as public notice and invite comments/ objections/suggestions from the stakeholders on the above mentioned petitions filed.

1.12. The approved gist of the Petition was published by the Petitioner in several widely read newspapers on 17th and 18th June, 2015.

1.13. The copy of the Petition was also made available on the websites of the Commission and the Petitioner.

1.14. The stakeholders were requested to submit their written comments/ suggestions/ objections latest by 3rd July, 2015. The stakeholders were also given an option to be heard in person at the public hearings.

Public Hearings

1.15. The Petitioner published a public notice indicating the salient features of its Petition and inviting objections and suggestions from the consumers and other stakeholders. The public notice appeared in several widely circulated newspapers.

1.16. The copies of the Petitions were made available for purchase on all working days for consumers from Utility's offices in Jammu, Srinagar and Leh. The copy of Petition was also made available on websites of the Commission and the Petitioner.

1.17. The public notice advised respondents to submit (in person or by post or by fax) four copies of their comments/ suggestions/ objections written either in English, Hindi or Urdu to the Commission with a copy to JKPDD-D. The last date for submitting the comments/ suggestions/ objections was 3rd July, 2015. Respondents were also given the option to be heard in person during the public hearings conducted by the Commission on 22nd July, 2015 at Jammu and on 25th July, 2015 at Srinagar.

1.18. The public notice containing the gist of the Petition and schedule for conducting public hearings in Jammu and Srinagar was published in leading newspapers of the State as mentioned below:

Table 2: List of Newspapers in which gist/ schedule for Public Hearings was published

Sl. No.	Newspaper	Date of Publication
1.	Daily Excelsior	17th June, 2015
2.	Srinagar Times	17th June, 2015
3.	Amar Ujala	17th June, 2015
4.	Greater Kashmir	18th June, 2015

1.19. The Commission and Petitioner received objections/ comments in writing from three (3) respondents. The list of stakeholders who responded to the public notice on Petition in writing and those who attended the public hearings is provided in **Annexure 2** and **Annexure 3**, respectively of this Order.

1.20. The Commission held public hearings in Jammu on 22nd July, 2015 and in Srinagar on 25th July, 2015, to discuss the issues related to the Petition filed by JKPDD-D for approval of the Commission. The public hearings enabled the utility to present its case and to respond to the objections raised by various respondents.

1.21. The issues and concerns voiced by various stakeholders have been carefully examined by the Commission. The major issues discussed during the public hearing, the objections raised by the respondents and the observations made by the Commission, have been summarized in **Chapter 3** of this Order.

Meeting of the State Advisory Committee

1.22. The Commission convened a meeting with the Members of the State Advisory Committee (SAC) on 29th July, 2015 for the purpose of discussing the Petition filed by the JKPDD-D.

1.23. JKPDD gave a PowerPoint presentation providing a gist of the Petition filed by the Utility for True-up for FY 2013-14, APR for FY 2014-15 and ARR and tariff proposal for FY 2015-16. The presentation also highlighted some of the steps being taken by the Utility for reduction of the alarmingly high T&D as well as AT&C losses in the State and present status of the implementation of R-APDRP in the State.

1.24. Some of the key points raised and discussed by the members of the Committee are summarized below:

(a) The members of the SAC asked JKPDD-D about the basis of actual data submitted for FY 2013-14.

(b) The Utility was asked to explain the reasons for variation in the power purchase and power revenue figures as per the CAG report on Finances of the State Govt. ending March, 2014, the State Budget and figures submitted in the Petition. Owing to the discrepancies in figures provided by the three entities, what are the figures which should be adopted by the Commission? As per the CAG report on the State Finances for the year ending March, 2014, the expenditure of the State towards power purchase in FY 2013-14 was only Rs 3738 Cr. whereas the Petitioner has submitted power purchase cost of Rs 4048 Cr. in the Petition. Against this, a figure of Rs. 3336.49 Cr. only is provided in the State budget for that year.

(c) Similarly on the revenue side, the members of SAC inquired about the actual revenue recovered by the Utility during FY 2013-14 and FY 2014-15 as compared to revenue assessed during the period. The Committee lamented the fact that owing to poor revenue recovery vis-a-vis revenue billed, the Utility has perhaps a dubious distinction of having the lowest collection efficiency in the country. The Petitioner was asked to submit authenticated and reconciled figures of power purchase as well as revenue with those of the CAG for carrying out true-ups.

(d) The members of the SAC opined that the unrecovered amount of revenue ending FY 2014-15 due to poor recovery should be carried forward to FY 2015-16 as opening balance and targeted for recovery in addition to the assessment for FY 2015-16.

(e) The members of the SAC also highlighted the budget speech on Power (2015-16) wherein it was mentioned that PDD has accumulated liabilities towards power purchase to the tune of Rs 6266.13 Cr. Also, Director Finance, PDD in his letter no. PDD/II/AC/86/2012 dated 05.06.2015 while confirming the figures of ARR and Revenue for the FY 2015-16 as submitted in the Petition by PDD has communicated that the budget provision for purchase of power for the FY 2015-16 is Rs 3785.50 Cr. only as compared to Rs 4442.17 Cr projected by the Utility in the Petition.

(f) In the above background and commenting on the proposal of the Utility for no tariff hike for second year in a row, the members of the SAC were generally of the opinion that it would be desirable for the Utility to propose increase in tariff marginally every year to recover at least the incremental cost rather than increasing the tariff in one go at a later stage which may result in tariff shock to the consumers. The members of the SAC also apprehended that the widening gap due to no tariff hike may also result in deterioration in the services provided by the PDD. However, in view of the commitment of the Utility that revenue gap would be met through budgetary support by the government read with the communication No. PDD/II/AC/86/2012 dated 05.06.2015 of Director Finance, PDD confirming the ARR and Revenue figures of the year as projected by the Utility, the Commission may be left with no option but to accede to the proposal of the Utility/Govt. in light of the provision of Section 59 of the J&K Electricity Act, 2010.

(g) The members of the SAC were also unanimous in their opinion that the power purchase cost of Utility should be restricted to the earmarked budgetary provision for the same as indicated in the communication of Director Finance, J&K PDD.

(h) Members of the SAC also asked the Petitioner that even though the Utility laments the fact that RE power is costlier than conventional power, has the Utility even tried to procure such power by inviting competitive bids as facts on the ground seem to be contrary to the perception of the Utility.

(i) Members of the SAC also opined that the cost approved for power purchase as per the RPO for Utility should be freezed and not allowed to be diverted.

(j) Some participants of the SAC meeting opined that J&K may perhaps be the only State in the country where the institutions of CGRF and Ombudsman have not been established so far and therefore no independent forum as envisaged in the Act is available for redressal of the grievances of the consumers. The importance of early establishment of CGRF under the provisions of Sec 36(5) of the Act and establishment of Coordination Forum and District Committees under the provisions of Sec 128 of the Act was stressed for bringing in efficiency and transparency in the system.

1.25. Several other points were also raised and discussed during the SAC meeting, which also have been noted by the Commission and suggestions made by the members of the Committee on above-mentioned points and other points discussed have been considered by the Commission in this Order.

CHAPTER 2: SUMMARY OF THE PETITION

2.1 The JKPDD-D published a gist of the APR and Tariff Petition in several widely circulated newspapers in the State on 17th and 18th June, 2015.

2.2 This section contains a summary of the Petition for True-Up for FY 2013-14, APR for FY 2014-15 and ARR and Tariff proposal for FY 2015-16 submitted by JKPDD-D.

Metering Plan

2.3 The Commission in its MYT Order for FY 2013-14 to FY 2015-16 dated 25th April, 2013 provisionally allowed the metering plan for un-metered/ un-registered consumers as submitted by the Petitioner. The Petitioner in its MYT Petition had submitted that it will achieve 100% consumer metering by end of the Control Period i.e. FY 2015-16.

2.4 In view of above, the JKPDD-D submitted the revised metering plan in its Petition for True-Up for FY 2013-14, APR for FY 2014-15 and tariff revision for FY 2015-16. The consumer category-wise proposed metering plan as submitted by the Petitioner is summarized below:

Table 3: Proposed metering plan

Consumer category	Total Number of meters to be installed	FY 2014-15 (RE)	FY 2015-16 (Proj)
Domestic	936,408	28,626	907,782
Other Categories	137,099	5,009	132,090
Total	**1,073,507**	**33,635**	**1,039,872**

Consumers, Connected load and Sales Projections

2.5 The Petitioner has submitted actual category wise number of consumers, connected load and energy sales for the FY 2013-14 and revised estimates for FY 2014-15. The projections for FY 2015-16 have been based on the revised estimates of the FY 2014-15 and the Compounded Annual Growth Rate (CAGR) for consumers, connected load and sale of energy across the various categories as summarised in the following table:

Table 4: Revised number of consumers for MYT Period (FY 2013-14 to FY 2015-16)

Sl. No.	Consumer Category	FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
1	Domestic			
	- *Metered*	682,877	711,503	1,538,017
	- *Unmetered*	663,144	686,694	0
2	Non-Domestic / Commercial			
	- *Metered*	113,929	118,398	1,97,705
	- *Unmetered*	60,575	61,334	0
3	Agriculture/Irrigation.			

Sl. No.	Consumer Category	FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
	- Metered	12,667	13,144	20,158
	- Unmetered	6,210	6,054	0
4	State / Central Govt. Departments.			
	- Metered	10,596	10,781	11,320
	- Unmetered	0	0	0
5	Public Street Lighting			
	- Metered	115	121	271
	- Unmetered	144	137	0
6	LT industrial Supply			
	- Metered	19,368	19,446	20,932
	- Unmetered	0	0	0
7	HT Industrial Supply			
	- Metered	708	714	785
	- Unmetered	0	0	0
8	HT-PIU Industrial Supply			
	- Metered	13	13	14
	- Unmetered	0	0	0
9	LT Public Water Works			
	- Metered	1,588	1,700	2,484
	- Unmetered	601	580	0
10	HT Public Water Works			
	- Metered	142	252	265
	- Unmetered	0	0	0
11	General Purpose / Bulk Supply			
	- Metered	138	144	158
	- Unmetered	0	0	0
Grand Total		**15,72,815**	**16,31,015**	**17,92,109**

Table 5: Revised Connected Load (MW) for MYT Period (FY 2013-14 to FY 2015-16)

Sl. No.	Consumer Category	FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
1	**Domestic**			
	- Metered	917	984	1546
	- Unmetered	425	422	0
2	**Non Domestic / Commercial**			
	- Metered	245	262	339
	- Unmetered	52	46	0
3	**Agriculture**			
	- Metered	95	106	159
	- Unmetered	47	46	0
4	**State / Central Govt. Department**			
	- Metered	210	214	225
	- Unmetered	0	0	0

Sl. No.	Consumer Category	FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
5	**Public Street Lighting**			
	- Metered	7	7	12
	- Unmetered	5	5	0
6	**LT industrial Supply**			
	- Metered	245	251	271
	- Unmetered	0	0	0
7	**HT Industrial Supply**			
	- Metered	315	324	357
	- Unmetered	0	0	0
8	**HT-PIU Industrial Supply**			
	- metered	33	33	35
	- Unmetered	0	0	0
9	**Public Water Works**			
	LT Public Water Works			
	- Metered	60	74	111
	- Unmetered	36	28	0
	HT Public Water Works			
	- Metered	20	28	29
	- Unmetered	0	0	0
10	***Bulk Supply***			
	Metered	53	59	65
	Unmetered	0	0	0
	Grand Total	**2,766**	**2,889**	**3,149**

Table 6: Revised Energy Sales (MU) for MYT Period (FY 2013-14 to FY 2015-16)

Sl. No.	Consumer Category	FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
1	**Domestic**			
	- Metered	1009	1804	3020
	- Unmetered	1406	941	-
2	**Non Domestic / Commercial**			
	- Metered	355	473	788
	- Unmetered	290	243	-
3	**Agriculture**			
	- Metered	155	207	312
	- Unmetered	126	90	-
4	**State / Central Govt. Department**			
	- Metered	533	608	639
	- Unmetered	0	0	-
5	**Public Street Lighting**			
	- Metered	6	20	48
	- Unmetered	33	25	-
6	**LT industrial Supply**			

Sl. No.	Consumer Category	FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
	- Metered	298	339	365
	- Unmetered	0	0	-
7	**HT Industrial Supply**			
	- Metered	760	872	959
	- Unmetered	0	0	-
8	**HT-PIU Industrial Supply**			
	- Metered	112	117	123
	- Unmetered	0	0	-
9	**Public Water Works**			
	LT Public Water Works			
	- Metered	111	212	437
	- Unmetered	287	189	-
	HT Public Water Works			
	- Metered	115	167	175
	- Unmetered	0	0	-
10	**Bulk Supply**			
	Metered	144	167	183
	Unmetered			
	Grand Total	**5739**	**6474**	**7047**

Transmission & Distribution Losses and Energy Requirement

2.6 The table below summarizes the T&D loss trajectory and energy requirement as submitted by the Petitioner.

Table 7: Projected T&D Loss (%) and Energy Requirement (MU)

Sl. No.	Description	FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
1	Energy Sales(MU)	5739.29	6473.88	7047.40
2	Distribution Losses (%)	49.41%	47.00%	43.00%
3	**Total Energy required at Dist. Periphery(MU)**	**11,344.39**	**12,214.87**	**12,363.85**
4	Intra-State Transmission losses (%)	4.50%	4.00%	4.00%
5	**Total Energy Requirement (MU) at Transmission Periphery**	**11,878.94**	**12,723.82**	**12,879.02**

Energy Availability

2.7 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

(d) Banking and Bilateral purchases

2.8 Based on the actuals of FY 2013-14 and revised estimates of FY 2014-15, total energy available from different sources has been summarized below. The projection for energy available for FY 2015-16 has been based on the revised estimates for FY 2014-15 and as per the share of allocated and unallocated power from State and Central generating stations is also summarised in following table.

Table 8: Summary of Energy Availability as submitted by JKPDD-D (MU)

Sl. No.	Description	2013-14 (Actual)	2014-15 (RE)	2015-16 (Proj.)
1.	Purchase from CPSUs (all sources including short term/banking etc)	9,893.93	10,667.72	10,838.71
2.	Less: Inter-state Transmission losses	(352.22)	(384.40)	(390.19)
3.	Net energy available from CPSUs	9541.71	10,293.32	10,448.52
4.	Net energy availability/ Purchase from JKSPDC	2337.24	2430.50	2430.50
5.	**Total Energy Availability (MU) at Transmission Periphery**	**11,878.94**	**12,723.82**	**12,879.02**

Aggregate Revenue Requirement

2.9 Based on the actuals of FY 2013-14, revised estimates for FY 2014-15 and projections for FY 2015-16, the following table summarizes the ARR for the MYT Control Period as submitted by JKPDD-D.

Table 9: Summary of ARR for MYT Control Period FY 2013-14 to FY 2015-16 (Rs Cr)

S. No	Particulars	Revised Projections		
		FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
1	Power Purchase Cost	4,048.38	4,382.02	4,442.17
2	Water Usage Charges(JKSPDC + NHPC)	518.11	518.82	518.82
3	Intra-state transmission charges	102.69	89.37	96.48
4	O&M Expenses	466.47	543.53	577.89
5	Interest on Loans	14.91	14.87	15.70
6	Depreciation	5.87	6.15	6.49
7	Interest on Working Capital	48.80	59.82	68.25
8	**Gross ARR**	**5,205.23**	**5,614.58**	**5,725.80**
9	Add: Return on Equity	-	-	-
10	Less: Non-tariff income	14.09	14.79	15.53
A.	**Net ARR**	**5,191.14**	**5,599.78**	**5,710.26**
B.	Revenue assessed @ existing tariff	1745.98	2,154.52	2480.17
C.	**Revenue Gap @ Existing Tariff (A-B)**	**(3445.16)**	**(3,445.27)**	**(3,230.10)**

2.10 The Director Finance, PDD in his letter no. PDD/II/AC/86/2012 dated 05.06.2015 while confirming the figures of ARR and Revenue for the FY 2015-16 as submitted in the Petition by PDD has communicated that the budget provision for purchase of power for the FY 2015-16 is Rs 3785.50 Cr. only as compared to Rs 4442.17 Cr projected by the Utility in the Petition.

2.11 The 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 MYT Control Period as proposed by JKPDD-D is given in following table.

Table 10: Average Cost of Supply and Average overall Tariff (in Rs/KWh)

Particulars	Revised Projections		
	FY 2013-14 (Actual)	FY 2014-15 (RE)	FY 2015-16 (Proj)
Average Cost of Supply	9.04	8.65	8.10
Average Realisation Rate	3.04	3.33	3.52
Gap	**6.00**	**5.32**	**4.58**

Details of Tariff Proposal for FY 2015-16

No tariff hike for FY 2015-16

2.12 The JKPDD has not proposed any tariff hike for FY 2015-16 and proposes to retain the Tariff approved by the Hon'ble Commission in its Order for APR for FY 2013-14 and ARR/ Tariff for FY 2014-15 dated 24th June, 2014 for various consumer categories served by JKPDD in the State of Jammu and Kashmir.

2.13 Further, JKPDD has submitted that the whole revenue gap of FY 2015-16 is to be met through budgetary support from GoJK.

CHAPTER 3: PUBLIC CONSULTATION PROCESS

3.1 The Commission directed JKPDD-D to publish the gist of the proposal indicating the salient features of its Petition for inviting objections and suggestions from the consumers and other stakeholders. The JKPDD-D published a gist of the Petition in several widely circulated newspapers in the State on 17th and 18th June, 2015.

3.2 The schedule of the public notices for conducting public hearings in Jammu and Srinagar was also published as part of the gist of the Petition.

3.3 The copies of the Petition as submitted by JKPDD-D were made available to the stakeholders from the following offices of JKPDD-D on payment of photocopying charges:

(a) Development Commissioner (Power), Near Exhibition Ground, Srinagar
(b) Chief Engineer, Commercial and Survey Wing, PDD Complex, Bemina, Srinagar
(c) Chief Engineer, EM & RE Wing, Kashmir, Near Exhibition Ground, Srinagar
(d) Chief Engineer, EM&RE Wing, Canal Power House, Jammu
(e) SE, EM & RE, Circle, Choglamsar, Leh

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

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. The last date for submitting the comments/ objections on the petition was 3rd July, 2015.

3.6 JKPDD-D were asked to reply to each of the objections/ comments/ suggestions received within three days of the receipt of the same but not later than 7th July, 2015 for all the objections/ comments/suggestions received till 3rd July, 2015.

3.7 The Stakeholders were advised to submit their rejoinders on replies provided by JKPDD-D either during the public hearing or latest by 25th July, 2015.

3.8 The Commission and Petitioner received objections/ comments in writing from three (3) respondents. The list of stakeholders who responded to the public notice on the Petition in writing 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 22nd July, 2015 and in Srinagar on 25th July, 2015, to discuss the Petition filed by JKPDD-D for True-Up for FY 2013-14, APR for FY 2014-15 and ARR and tariff proposal for FY 2015-16.

3.10 The respondents were given an opportunity to put forth their comments and suggestions on the Petition. The Commission also allowed persons who had not submitted written responses but attended the public hearings to express their views, regarding the 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:

Failure to provide requisite details and information in the Petition

3.12 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. The Objectors further 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

3.13 JKPDD submitted that has it has tried to provide all the relevant information in the formats required under MYT Regulations in support of the Petition.

Commission's View

3.14 The Commission observed that there are a number of deficiencies in the Petition submitted by JKPDD-D and directed the JKPDD-D to provide detailed clarifications and additional data as communicated through various letters by the Commission. Further, the information furnished by the Petitioner lacks authenticity. The Commission also notes that data submitted in the Petition by JKPDD-D and that provided in PDD's Year Book, resource plan / Budget estimates of the State Government/ CAG seldom match. The Commission directs the Petitioner to submit authentic and reconciled figures of power purchase, O&M expenses, capital investment as well as revenue with those of the State Budget/CAG in future.

Power Purchase Cost

3.15 The Objectors submitted that the power purchase quantum and cost has not been estimated in accordance with Regulation 18 and 19 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012. It was further mentioned that the Petitioner should explain the variance in the actual power purchase cost for FY 2013-14 over the approved cost for the same period.

3.16 The power purchase quantum ought to have been based on the demand estimates made in accordance with Tariff Regulations 16 and 17 for metered and unmetered sales, augmented by the distribution loss determined in accordance with Tariff Regulation 18 and Transmission loss. The demand estimates for metered sales and unmetered sales have not been estimated in accordance with methodology provided under Tariff Regulations 16 and 17.

3.17 The Objectors further submitted that JKPDD-D has projected unwarranted substantial increase in the power purchase cost per unit for the Control period over the approved power purchase cost. The cost of energy available from the State generating companies ought to have been taken as per the approved rates of the Commission and that of energy purchased from Central Generating stations ought to have been taken as per the CERC's orders.

Petitioner's Response

3.18 The Petitioner stated that it is regularly estimating the unrestricted and restricted power and energy demand of the state based on the past trends and historical data to arrive at power purchase quantum to be arranged through various sources. Also periodic electric power survey of the country is conducted by the Central Electricity Authority (CEA) to forecast region wise/state wise demand of electricity on short term and long term basis. The energy consumption during last five years and demand forecast done by CEA for 12th & 13th five year plan for the state of J&K has been summarised in following table.

Table 11: Energy Forecast for J&K State by CEA Estimates

Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Un-restricted energy requirement –MU	13992	14425	14872	15333	15808	16298
Restricted energy requirement -MU	12504	13083	13749	14503	15351	16298
Un-restricted Peak load –MW	2419	2471	2523	2577	2631	2687
Restricted peak load –MW	1802	1934	2086	2261	2460	2687

3.19 The sales in the metered and unmetered categories have been assessed on a proper methodology in a transparent manner. The sales in unmetered category have been calculated by working the units backwards from the amount billed on the basis of connected load.

3.20 Apart from the power available from JKSPDC generating stations and share of central generating stations, the JKPDD has arranged power from short term sources as average power exchange rates are cheaper than other long term sources. The tariff for JKSPDC generating stations is being determined by JKSERC and the tariff for Central generating stations is determined by CERC, however for the power purchased through short term sources, the JKPDD ensures that such power is purchased on the average exchange rates not higher than the average pooled price.

Commission's View

3.21 The Commission has undertaken a detailed analysis of the power purchase quantum and cost of the Petitioner for True-Up for FY 2013-14, APR for FY 2014-15 and determination of ARR for FY 2015-16 in relevant sections of this Order.

Operation and Maintenance Expenses

3.22 The Objectors submitted that the Petitioner has projected a substantial increase of 10.28% in O&M expenses in the revised estimates for FY 2015-16 as compared to the approved expenditure for the same period. Neither any break-up of the expenses nor any detail or justification has been provided by the Utility.

3.23 The Objectors also submitted that the employee expenses as compared to other states are too high. Moreover, the ratio of employees to the number of consumers in the State as well as to the units sold is extra-ordinarily high as compared to other electricity utilities in other states.

Petitioner's Response

3.24 The Petitioner submitted that the Operation and Maintenance expenses have been determined on the basis of norms specified in Regulation 22.1 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012. The breakup of the various components of the O&M expenses i.e. employees cost, A&G expenses and repairs & maintenance expenses have been provided in detail in the regulatory formats attached with the Petition.

3.25 The Petitioner further stated that the employee expenses, which constitute the majority of the O&M expenses are fixed in nature and the employees are employed and paid by the J&K Government in the same manner as the other Government employees of the state. JKPDD-D also stressed that it does not get sufficient funds for repair and maintenance of its assets as required under the norms. Therefore, the Petitioner is constrained to restrict its expenditure within the budgetary allocation.

Commission's Analysis

3.26 The Commission has undertaken a detailed analysis of the O&M cost in relevant sections of this Order.

Distribution loss level

3.27 The Objectors submitted that distribution loss levels in the State were too high. For FY 2015-16, on one hand Petitioner has not projected any unmetered consumer while on the other hand; the loss levels of 43% as submitted by Petitioner were higher than those approved by the Commission i.e. 40%.

3.28 The Objectors also pointed out that the claim of reduction of losses is erroneous and misleading and the Petitioner should justify its claims. Moreover, the measures taken by the Petitioner are only in those areas/circle stations where the distribution loss is already within tolerable limits. Thus, the Petitioner was asked to provide data on circle wise distribution loss quantity and percentage with respect to present status, measures taken and achievements made towards reduction of losses; however the Petitioner failed to provide the same.

3.29 The Objectors 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 2013-14 should have been 19% and that 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 12: Projected T&D Loss vs. Targeted Loss from FY 2007-08 to FY 2015-16

Year	Proposed Distribution Losses	Abraham Committee Recommended T&D loss
2007-08	49.31%	43%
2008-09	61.31%	39%
2009-10	62.06%	35%
2010-11	58.70%	31%
2011-12	56.40%	27%
2012-13 (R.E)	55.50%	23%
2013-14 (Proj.)	49.50%	19%
2014-15 (Proj.)	46.10%	15%
2015-16 (Proj.)	41.00%	11%

3.30 As can be seen the performance of the Petitioner is much below the required level. Due to extremely high loss to the tune of 50%, the bonafide consumers are compelled to pay twice the cost of electricity. 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.

3.31 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.

Petitioner's Response

3.32 The Petitioner has submitted that there are huge commercial losses because of power theft and injudicious use of electricity. The T&D losses that have remained historically high have been brought down to a present level of 52% from 62% in FY 2008-09 by the efforts made by the department within limited resources available. However massive reforms are required to improve the functioning of the distribution sector and achieve a prudent loss level.

3.33 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. Under R-APDRP scheme 30 Towns have been identified as project areas in J&K State with the objective of achieving a target of 15% AT&C loss with minimum 3% every year on sustained basis for a period of five years in the project areas. The project areas include 11 towns in Jammu region including Jammu City and 19 towns in Kashmir region including Srinagar City.

3.34 The other areas are proposed to be covered under newly launched reform programs of GOI namely DDUGJY and IPDS. The department has framed DPRs for DDUGJY and IPDS schemes of GOI for Rs 1249.68 Cr and 450.39 Cr respectively. The schemes cover almost all the areas of the state where T&D loss reduction shall be achieved as per the trajectories fixed by MOP GOI.

3.35 The Petitioner further submitted that the accurate area wise or circle wise distribution loss levels shall be made available once complete system metering, boundary and DT metering is put in place in all the circles of the utility. The department is in the process of system metering, boundary metering and DT metering of 30 major towns of the state under RAPDRP for the very purpose of calculating accurate area wise distribution loss.

Commission's View

3.36 The Commission is concerned with the lack of reliable data regarding the actual loss level of the Petitioner. The Petitioner has failed to comply with the data requirements specified in the JKSERC (Multi-year Distribution Tariff) Regulations 2012. A pre-requisite for determining the actual loss levels is the completion of metering at system and consumer levels. The Petitioner is to comply with the timelines specified for metering in the Suo-moto Order dated 21st April, 2014.

3.37 The Commission agrees with the Objectors that the losses projected by the Petitioner are very high. The T&D losses of the Petitioner are amongst the highest in the country and urgent intervention is required for rectification of this situation.

3.38 The Commission finds no merit in the Petitioner's submission of attributing the high loss levels in the state to injudicious use of electricity. It is the responsibility of the Petitioner to carry out metering of all unmetered consumers as per the provisions of the Act and as per the timelines specified in the Suo-moto Order dated 21st April, 2014, undertake appropriate investments in the network to plug leakages and conduct regular vigilance checks on suspected cases of theft and unauthorized use of electricity.

3.39 In view of above and in accordance with the methodology adopted in the previous Tariff Orders, the Commission shall disallow any additional power purchase over and above the target loss level as the Commission feels that such inefficiencies cannot be passed on to the law-abiding consumers. This shall ensure that tariffs are reflective of prudent costs and the consumer is not burdened with the inefficiencies of the Petitioner.

Electricity Duty

3.40 The Objectors submitted that the tariff may be determined after adjusting the applicable electricity duty payable by the consumers to the Government, which is perhaps the highest in the country. They also referred to the announcement made by the then Hon'ble Chief Minister of the State during his independence day speech announcing reduction in electricity duty, which has not been implemented till date.

Petitioner's Response

3.41 The Electricity Duty is levied by the State Government and the Petitioner has no control over it.

Commission's View

3.42 The levy of Electricity Duty under the J&K State Electricity (Duty) Act 1963 is the matter of State Government and the Commission has no role to play in determination of these rates. However, the JKPDD-D should take up this matter separately with the Government to explore the possibility of rationalization of charges after taking into consideration the electricity duty rates prevailing in other States in the country.

Depreciation

3.43 The Objectors submitted that the Petitioner has claimed depreciation in violation of the Regulation 24 (b) of the JKSERC (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

3.44 The Petitioner submitted that since the Commission has already taken a view on this, it is further left to the Commission to decide the course of action.

Commission's View

3.45 As per the Regulation 24 (b) of the JKSERC (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, 2013 funded through grants and long-term loans (REC, PFC etc).

3.46 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.

3.47 In the absence of above-mentioned details, the Commission has provisionally approved depreciation on the outstanding balance of loans as on 31st March, 2013 only as approved in MYT Order dated 25th April, 2013. No depreciation has been considered on remaining amount of GFA as it is considered to have been funded through grants from State/Central Government.

3.48 However, this is subject to true up on the basis of submission of actual segregation of GFA into that financed through loans and grants.

3.49 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 shall be considered.

Interest on Working Capital

3.50 The Objectors submitted that the Petitioner has not computed working capital as per Regulation 26 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 as it has not reduced the amount of security deposits from customers from the estimated amount of working capital.

3.51 Further the rate of interest of 14.75% is higher than the J&K Bank Advance Rate as specified by the above mentioned regulations. Moreover, the concept of PLR is not defunct and has been replaced by the Base Rate concept. 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

3.52 The Petitioner submitted that since the Commission has already taken a view on this, it is further left to the Commission to decide the course of action.

Commission's View

3.53 The Commission has estimated the normative working capital requirement in line with the Regulation 26 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 which states that:

”*the rate of interest for computation of interest on normative working capital shall be considered equal to the J&K Bank Advance Rate as of the date on which the petition for determination of tariff is accepted by the Commission”*

3.54 Accordingly, the Commission has considered the applicable J&K Bank Advance rate of 14.75% to determine the cost towards interest on working capital for FY 2013-14 to FY 2015-16.

Water Usage Charges

3.55 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-D for the control period.

3.56 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

3.57 The Petitioner submitted that since the Commission has already taken a view on this, it is further left to the Commission to decide the course of action.

Commission's View

3.58 The water usage charges are levied pursuant to the Orders passed by the State Water Resource Regulatory Authority, Government of Jammu & Kashmir from time to time. 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 with the direction that the funds to discharge this liability will be provided to the Utility by the Government over and above the budgetary allocation for power purchase as claimed by the Petitioner.

Power Factor Discount/KVAh Tariff

3.59 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.

3.60 It was also pointed out that since the Commission in the Tariff Order dated 16th April, 2012 had directed that kVAh based billing be introduced only after the requisite infrastructure is in place, JKPDD-D has not spoken anything about the same.

Petitioner's Response

3.61 The Petitioner submitted that the power factor incentive is already inbuilt in KVAh tariff. If the consumer improves its power factor, the bill of the consumer will automatically reduce.

3.62 JKPDD further submitted that it has not proposed any change in the present tariff structure and has neither proposed KVAh billing in the present petition. Once JKPDD comes up with such a proposal it shall come with complete details to the best satisfaction of all the stakeholders.

Commission's View

3.63 The Commission agrees with the Petitioner's submission and states that the consumer may improve its power factor in order to get the desired incentive.

3.64 The Commission is also of the view that in the current scenario wherein even 100% metering is not done and since no proposal of KVAh based tariffs has been submitted by the Petitioner; the introduction of KVAh based tariffs would be considered at an appropriate time.

Re-Categorization of Consumer Category

3.65 The Objectors submitted that the Commission in the Retail Tariff Order for FY 2012-13 while issuing directions under the clause (E) New Directives has directed JKPPD for rationalization of consumer categories and to undertake reclassification 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.

3.66 Based on the above directive, the consumer category HT-PIU Industrial supply may be merged with consumer category HT-Industrial Supply because the power intensive units were facing discrimination in the form of higher power tariff as compared to HT Industrial Supply consumer category. Even the CEA has not created power intensive units as a separate category.

3.67 It was also stated that 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.

3.68 It was proposed that there should be only two industrial supply categories i.e. Large Industrial Power Supply (LS) identifying HT Industrial Supply above 100 KW metered on kVAh and Small Industrial Power Supply (LS) including LT Industrial Supply under 100 KW metered on kWh.

3.69 The Objectors also submitted that the service industries under thrust areas identified by the State Level Apex Committee and also the MSME Act should be classified under the Industrial category rather than commercial category and tariff of LT/HT industrial supply may be made applicable.

Petitioner's Response

3.70 The Petitioner stated that re-categorization and rationalization of consumer categories in spirit of the National Tariff Policy would mean having minimum number of consumer categories and abolishing cross subsidized slabs within the categories. The tariff of all the categories should reflect the cost of supply. JKPDD would also not like to have endless categories and slabs in its tariff schedule.

3.71 As far as service industry is concerned it does not qualify for industrial tariff neither by definition of Industry as far as tariff schedule of JKSERC is concerned nor does the policy of the Govt. of J&K for service industry define anything in this regard.

Commission's View

3.72 The Commission shall take appropriate view on the above in the next Tariff Order when Petitioner submits a detailed tariff proposal for re-categorization of consumers along with the requisite authentic data.

3.73 With regards to re-categorization of the service industries under thrust areas, the Commission is of the view that it is the prerogative of the Govt. under the State Policies to define which benefits/incentives are to be extended to a sector after it is declared as an industry. Subsidies on account of electricity tariff, if any, to such sector/units shall have to be dealt as per the provisions of Section 59 of the J&K Electricity Act 2010.

External Transmission Losses

3.74 The Objectors submitted that the Inter-state transmission losses of 3.60% as claimed by the Petitioner should be thoroughly verified and the standards applied in other states should be applied while approving such charges.

Petitioner's Response

3.75 The Petitioner stated that it had taken the inter-state transmission losses as 3.6% which was also the approved figure of the Commission.

Commission's View

3.76 The inter-state transmission losses are approved based on transmission losses applicable in northern region. The other State Commissions also follow the same approach. Accordingly, the Commission has approved the inter-state transmission loss levels at 3.60%.

Payment of bills through debit/credit card

3.77 The Objectors submitted that the consumers of the State should be provided with an option of payment of bills through credit or debit cards.

3.78 The Objector also stated that the Petitioner may also use the M-PESA facility provided by the telecom service provider Vodafone so that the consumer can pay bills from any part of the country, anytime which would also lead to lesser defaults on payments by the consumers.

Petitioner's Response

3.79 The Petitioner submitted that although the consumers of JKPDD can now make payment of electricity bills online through J&K bank, the department will however try to further improve its services and shall try to provide best possible services to its consumers in respect of bill payment and bill information. A number of service providers like Vodafone, HDFC bank etc are approaching JKPDD for providing such services and the JKPDD shall evaluate such offers in the best interest of its consumers and the utility itself.

Commission's View

3.80 The Commission has noted the response of the Petitioner and appreciates the steps taken by it towards providing more convenience to the consumers with respect to payment of bills. The Commission directs the Petitioner to explore more options regarding bill information and payment of bills online and implement them expeditiously.

Payment of fixed charges for consumption of electricity

3.81 The Objectors submitted that despite of the fact that most of the areas of the State don't get 24 hours power supply, the consumers in such areas still have to pay fixed charges. The consumers should be charged only for the quantum of electricity consumed by them.

Petitioner's Response

3.82 The Petitioner submitted that billing of consumers in normal course is done strictly as per the retail distribution tariff in vogue for various categories of consumers. However if any consumer or a group of consumers is found involved in illegal and unauthorized use of electricity, then such consumers are dealt in accordance with the Supply Code Regulations and billed accordingly for the offense. Further any billing errors can be reported to the consumer care centers of JKPDD for rectification.

Commission's View

3.83 The Commission directs the Petitioner that billing of the consumers should be strictly done as per the approved tariff schedule for the particular category of consumers.

3.84 Moreover, the Petitioner may develop a transparent mechanism for linking the load curtailment or shedding in an area to the proportion of the level of the losses in the area. Similar exercise was done in Maharashtra with positive results. For this purpose, the Utility shall notify details of the energy inputs, energy billed and revenue collected on each feeder on a monthly basis.

Billing of Printing Press Units

3.85 One of the Objectors submitted that inspite of the provision of the Tariff Order for charging a category of printing press units under industrial tariff; the Petitioner continues to bill these units on commercial tariff rates.

Petitioner's Response

3.86 The Petitioner submitted that it will look into the matter.

Commission's Analysis

3.87 The Commission directs the Utility that the printing presses as are qualifying under LT- Industrial supply category should be charged at the tariff applicable for the category of consumers only.

CHAPTER 4: IMPLEMENTATION OF 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 specify 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 'JKSERC (Multi Year Distribution Tariff) Regulations, 2012' on 6th September, 2012. In these Regulations, the Commission has laid down the principles and framework for MYT regime for the distribution utility in the State and the first Control Period was defined to begin from FY 2013-14 to FY 2015-16. Accordingly, the Commission vide its Order dated 25th April, 2013 for determination of ARR for JKPDD-D for the entire MYT Control Period for FY 2013-14 to FY 2015-16 adopted the MYT Framework for the State of J&K. The Commission vide its Order dated 24th June, 2014 reviewed the annual performance of the Utility for FY 2013-14 and determined the revised ARR and tariff for FY 2014-15.

4.4 The Petitioner has now filed for the True-Up of its costs and revenue for FY 2013-14, Annual Performance Review (APR) for FY 2014-15 and ARR and tariff proposal for FY 2015-16. However, on the analysis of the Petition and the detailed scrutiny of the ground realities, the Commission notes with concern that even though the MYT framework has been implemented in principle, JKPDD-D has failed to implement it in full thereby defeating the entire purpose of MYT framework.

4.5 The Commission has identified following key issues and shortcomings in implementation of MYT framework in the State.

Data gaps and inconsistency in data

4.6 Despite several discussions and directions issued the Commission notes with concern that the data provided by the JKPDD-D does not include the requisite details, information and particulars as required according to the prescribed formats given in the JKSERC (Multi Year Distribution Tariff) Regulations, 2012.

4.7 The information furnished by the Petitioner lacks authenticity. The Commission also notes that the data submitted in the Petition by JKPDD-D and that provided in the PDD's Year Book, resource plan / Budget estimates of the State Government as well as the audited figures of the State Finance by the CAG seldom match. This inconsistency in data and supply of incomplete data in requisite formats make the exercise of carrying out True-Up and also the projections of ARR for the MYT period difficult for the Commission.

4.8 Thus, the Commission is of the view that till the time the Petitioner does not submit audited data for preparation of base for projections of ARR for MYT period, the basic principle of MYT i.e. future certainty will be defeated.

4.9 Accordingly, the Commission once again directs the Petitioner to submit audited accounts for previous years reconciled with the figures of CAG/ State Budget for undertaking final True-Up of ARR for previous years.

Metering

4.10 Even after several directives and Order of the Commission in the past, the Petitioner failed to meet metering targets set out by the Petitioner itself in the Commission's Order dated 25th April, 2013. The failure to meter all consumers even after extension of deadline for 100% metering shows lack of seriousness on part of the Petitioner. Further, in its above mentioned Order, the Commission had also directed the Petitioner to submit detailed metering plan approved by the State Government for extension of deadline for achieving 100% metering by end of FY 2015-16.

4.11 On failure of the Petitioner providing any details in this behalf, the Commission initiated Suo-moto proceedings for obtaining revised metering plan from the Petitioner. Accordingly, the Commission vide its Order dated 21st April, 2014 adopted the revised metering plan finally submitted by the Petitioner for achieving 100% metering by end of FY 2015-16 for the purpose of monitoring.

4.12 Based on the submission made by the Petitioner, the Commission notes with concern that the Utility is considerably lagging behind the scheduled timelines for achieving 100% metering in the State. Such a state of affairs calls for drastic measures which need to be taken by the Utility in order to achieve the desired targets.

4.13 Owing to criticality and importance of the issue, the Commission once again directs as follows:

(a) As 100% compliant metering holds key for introducing power reforms in the State for reduction of extremely high losses, any further delay in achieving 100% consumer metering shall not be in the interest of the State, Utility or the consumers. Therefore, the Utility shall take all possible measures to adhere to the timelines submitted by it before the Commission for achieving 100% consumer metering in the State. The Utility is again directed to take note of the fact that supply of electricity to unmetered consumers would be illegal beyond the stipulated date in terms of the provisions of Section 49(1) of the J&K Electricity Act 2010. Therefore, there is real urgency for it to achieve 100% consumer metering in the State without further delay.

(b) JKPDD-D should establish and develop authentic third party meter testing mechanism in the State as is required in terms of Section 44 of the Act read with Chapter A5 of the Jammu and Kashmir State Electricity Supply Code, 2011 and report compliance to the Commission with the next Annual Performance Review Petition.

(c) A comprehensive mechanism shall be evolved by the Utility for closely monitoring the implementation of proposed metering plan at various levels. The province-wise/ circle-wise/ division-wise progress report in the light of the revised action plan projected by the Utility shall be submitted to the Commission on a quarterly basis for review.

(d) As there has been serious deviation from the mandate given by the State Legislature under Section 49(1) of the Act 2010 for completion of metering within a period of 2 years from the date of notification of the J&K Electricity Act, 2010, the JKPDD-D needs to place the facts before the State Legislature for ratification of the extended dead line for achieving 100% metering in the State.

Circle-wise/ District-wise estimation of loss

4.14 The Regulation 18.1 of JKSERC (Multi Year Distribution Tariff) Regulations, 2012 provides for determination of loss reduction targets on basis of circle-wise losses. However, even after repeated reminders to furnish district-wise/ circle-wise data for losses and projections for loss reduction as provided in the above mentioned regulations, the JKPDD-D has failed to provide so.

4.15 Failure on part of the Utility in providing the requisite information will lead to delay in proper implementation of principles of MYT in full. Till such time actual base line data is determined and correct estimates for loss reduction not made available, the implementation of MYT will suffer and the purpose for which the MYT was introduced will get defeated.

4.16 In view of above, the Commission directs the Petitioner to submit the district-wise and circle-wise loss reduction along with next tariff Petition. The failure to do so may invite penal action by the Commission.

Power purchase planning

4.17 The Regulation 19.1 of JKSERC (Multi Year Distribution Tariff) Regulations, 2012 provides for preparation of comprehensive Power Procurement Plan for short term (less than 1 year) and a medium term (5 years) plan, separately stated for peak and off-peak periods, for unrestricted demand of electricity for each consumer category in its area of operation.

4.18 However, the Petitioner has failed to submit any details of power procurement plan. Further, while preparing the plan the measures for Demand Side Management (DSM) and Energy Efficiency (EE) also have to be incorporated which also have not been reported by the Petitioner.

4.19 The Commission also notes that even though it has given a target for purchasing power from renewable sources to meet the Renewable Purchase Obligation (RPO), the Petitioner failed to achieve the targets and has partially met the non-solar target only from JKSPDC's mini-hydel stations.

4.20 The persistent failure of the Petitioner for not meeting targets and ignoring provisions of relevant regulations will make the entire process ineffective.

4.21 Accordingly, the Commission directs that the Petitioner to submit a detailed power procurement plan along with steps to incorporate Demand Side Management (DSM) and Energy Efficiency (EE) principles and purchase of power from renewable sources to meet its Renewable Purchase Obligation (RPO) along with next Tariff petition.

4.22 In order to make the compliance with RPO targets more effective, the Commission once again directs the JKPDD-D to open a separate account for meeting the annual fixed obligation of renewable energy. This is necessary to ensure the compliance of the relevant regulations. JKPDD-D shall review the position with the Nodal Agencies periodically and report the progress to the Commission. Further, the utilization of the funds created in this account shall be decided by the utility in consultation with the Commission as per the relevant regulations.

CHAPTER 5: TRUE-UP FOR FY 2013-14

5.1 As per Regulation 14 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 and as amended vide Commission's Order dated 2 July, 2013:

a) *The Commission shall True-Up expenses either as part of the Tariff order or issue Order/s for True-Up of expenses preceding the Tariff order of ensuing year.*

b) *An order for True-Up of Expenses shall be issued on annual basis.*

c) *An order for True-Up of Expenses shall be on the basis of expense estimates made in the beginning of the year under consideration and actual expenses booked in the audited books of account of the Distribution Licensee for the year.*

d) *Where audited books of account are not available at the time of true-up provisional books of accounts shall be used for the True- Up process.*

e) *Estimates of expenses for the ensuing year shall be on the basis of corresponding figures in the order for True-Up of Expenses of the previous year and Tariff order of the current year.*

5.2 The Petitioner has submitted the Petition for True-Up for FY 2013-14 based on the actual performance of the Utility during FY 2013-14.

5.3 Since the Petitioner did not submit either copy of audited accounts nor did the Utility provide any basis/proofs for submission of 'actual' figures, the Commission directed the Utility to submit audited accounts of FY 2013-14 in line with the above-said Regulations. However, Petitioner failed to provide the same.

5.4 In the absence of audited accounts, the Commission has provisionally Trued-Up the costs and revenue for FY 2013-14 in this Order. However, it has not allowed any incentive/ penalty for gains/ losses on over/under achievement of targets for uncontrollable parameters. The sharing of gains/ losses will be determined once the Utility submits audited annual accounts for the year.

Energy Sales

Petitioners Submission

5.5 JKPDD-D caters to a diverse consumer mix constituting of domestic, commercial, industrial, agriculture and other consumers. JKPDD-D submitted that at the end of FY 2013-14, total number of consumers catered by JKPDD-D system was 15,72,815 having a total connected load of 2766 MW as summarized in the following tables.

Table 13: Category wise number of Consumers (Nos) for FY 2013-14

Consumer Category	Approved by JKSERC in MYT Order	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Actual submitted now
Domestic				
Metered	769,055	705,629	705,629	682,877
Un-metered	716,861	687,250	687,250	663,144
Non - Domestic/ Commercial				
Metered	118,778	119,018	119,018	113,929
Un-metered	44,794	68,848	68,848	60,575
Agriculture				
Metered	12,856	11,766	11,766	12,667
Un-metered	3,733	6,775	6,775	6,210
State/ Central Govt. Departments	9,812	10,192	10,192	10,596
Public Street Lighting				
Metered	93	107	107	115
Un-metered	153	153	153	144
LT Industrial Supply				
Metered	19,355	19,950	19,950	19,368
Un-metered	0	0	0	
HT Industrial Supply	695	764	764	708
HT PIU	16	13	13	13
LT Public Water Works				
Metered	1,253	1,194	1,194	1,588
Un-metered	606	644	644	601
HT Public Water Works	127	157	157	142
Bulk Supply	138	145	145	138
TOTAL	**1,698,325**	**1,632,605**	**1,632,605**	**1,572,815**

Table 14: Category wise connected load (MW) for FY 2013-14

Consumer Category	Approved by JKSERC in MYT Order	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Actual submitted now
Domestic				
Metered	656	773	773	917
Un-metered	538	421	421	425

Consumer Category	Approved by JKSERC in MYT Order	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Actual submitted now
Non - Domestic/ Commercial				
Metered	216	197	197	245
Un-metered	39	62	62	52
Agriculture				
Metered	83	85	85	95
Un-metered	46	48	48	47
State/ Central Govt. Departments	192	188	188	210
Public Street Lighting				
Metered	4	5	5	7
Un-metered	6	6	6	5
LT Industrial Supply				
Metered	245	251	251	245
Un-metered	0	0	0	0
HT Industrial Supply	298	299	299	315
HT PIU	37	33	33	33
LT Public Water Works				
Metered	38	46	46	60
Un-metered	33	43	43	36
HT Public Water Works	19	19	19	20
Bulk Supply	47	57	57	53
TOTAL	**2,498**	**2,533**	**2,533**	**2,766**

5.6 As per the Regulation 16 of the JKSERC (Multi Year Distribution) Regulation 2012, energy sale is an uncontrollable parameter. The metered energy sales for. FY 2013-14 is based on the actual sale of energy during the year.

5.7 The sales in the un-metered category as per the Regulation 17 of the above mentioned regulations have been assessed by working out the units backwards from the amount billed on connected load basis in each slab. This has enabled the department to assess the unmetered sales in a realistic manner particularly in the domestic category and commercial category where the unmetered sales are significant.

5.8 The category-wise energy sales as submitted by the Petitioner have been summarized in following table.

Table 15: Energy Sales (MU) for FY 2013-14 as submitted by the Petitioner

Consumer Category	Approved by JKSERC in MYT Order	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Actual submitted now
Domestic				
Metered	1,055	1,390	1,390	1,009
Un-metered	1,003	1,404	1,404	1,406
Non - Domestic/ Commercial				
Metered	416	305	305	355
Un-metered	130	218	218	290
Agriculture				
Metered	204	229	229	155
Un-metered	90	89	89	126
State/ Central Govt. Departments	522	477	477	533
Public Street Lighting				
Metered	15	18	18	6
Un-metered	21	21	21	33
LT Industrial Supply				
Metered	378	294	294	298
Un-metered	0	0	0	0
HT Industrial Supply	647	626	626	760
HT PIU	117	119	119	112
LT Public Water Works				
Metered	184	204	204	112
Un-metered	226	191	191	287
HT Public Water Works	101	95	95	115
Bulk Supply	154	169	169	144
TOTAL	**5,263**	**5,849**	**5,849**	**5,739**

Commissions Analysis

5.9 As per the Regulation 16 of the JKSERC (Multi Year Distribution) Regulation 2012, energy sale is an uncontrollable parameter. Therefore, the Commission provisionally approves the number of consumers, connected load and energy sales as per the submission of the Petitioner.

5.10 Accordingly, number of consumers, connected load and energy sales for FY 2013-14 as approved by the Commission have been summarized in following table:

Table 16: Approved number of consumers, connected load (MW) & Energy Sales (MU) for FY 2013-14

Consumer Category	Consumers (Nos.)	Connected Load (MW)	Energy sales (MU)
Domestic			
Metered	682,877	917	1,009
Un-metered	663,144	425	1,406
Non - Domestic/ Commercial			
Metered	113,929	245	355
Un-metered	60,575	52	290
Agriculture			
Metered	12,667	95	155
Un-metered	6,210	47	126
State/ Central Govt. Departments	10,596	210	533
Public Street Lighting			
Metered	115	7	6
Un-metered	144	5	33
LT Industrial Supply			
Metered	19,368	245	298
Un-metered		0	0
HT Industrial Supply	708	315	760
HT PIU	13	33	112
LT Public Water Works			
Metered	1,588	60	112
Un-metered	601	36	287
HT Public Water Works	142	20	115
Bulk Supply	138	53	144
TOTAL	**1,572,815**	**2,766**	**5,739**

Losses and Energy Requirement

Petitioners Submission

5.11 The distribution loss for FY 2013-14 as reported by the Utility is 49.41%. Further, the JKPDD-D submitted that it has initiated several steps to reduce the distribution losses which have historically remained very high. The department is implementing R-APDRP in 30 major towns of the State. The department has also constituted special Enforcement Team in addition to the routine inspection squads at all levels. The teams regularly conduct inspections of all the categories of consumers. During the inspections the illegal connections, defective energy meters, illegal hooking, load in use as against the sanctioned load, incidences of under billing, inspection of capacitors etc., are identified and it is ensured that the defaulters are dealt under rules. The department is taking all the possible administrative and technical measures to reduce the distribution loss and the results during the period are very encouraging.

5.12 The distribution loss level achieved during FY 2013-14 against the approved target in the MYT Order dated 25th April, 2013 has been summarized below.

Table 17: Distribution losses submitted by the Petitioner for FY 2013-14 (%)

Particulars	App. by JKSERC in MYT Order	Actual submitted now
Distribution Loss (%)	43.0%	49.41%

5.13 In addition to above, the Petitioner submitted that estimated inter-state and intra-state transmission losses should be approx. 3.6% and 4.0%, respectively which are same as approved by the Commission in the MYT order dated 25th April, 2013 and same has been summarized in the following table.

Table 18: Inter-State and Intra-State Transmission Loss submitted by the Petitioner for FY 2013-14 (%)

Particulars	App. by JKSERC in MYT Order	Actual submitted now
Inter-state transmission loss	3.6%	3.56%
Intra-state transmission loss	4.0%	4.50%

5.14 The energy requirement at the transmission periphery (within State) during FY 2013-14 based on actual energy sales and distribution and intra-state transmission losses as submitted by the Petitioner has been summarized in the following table.

Table 19:Estimates of energy requirement (MU) submitted by the Petitioner for FY 2013-14

Sl. No.	Description	Submitted now by Petitioner
1	Energy Sales(MU)	5,739.29
2	Distribution Losses (%)	49.41%
3	**Total Energy required at Dist. Periphery(MU)**	**11,344.39**
4	Intra-State Transmission losses (%)	4.50%
5	**Total Energy Requirement (MU) at Transmission Periphery**	**11,878.94**

Commissions Analysis

5.15 The Commission views that even though the JKPDD-D has brought down losses in last two-three years, the T&D losses in the State are 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.

5.16 The Commission in its MYT Order for period from FY 2013-14 to 2015-16 dated 25th April, 2013 had set the target for T&D loss of 45.26% for FY 2013-14 which included 43.0% of distribution losses and 4.0% of intra-state transmission losses. The targets for T&D losses were approved after taking into consideration the JKPDD-D's commitment for metering and implementation of Central Government assisted R-APDRP scheme in the State. 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.

5.17 As T&D losses are considered controllable parameter in terms of the Regulation 9.2 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012, the Commission approves the same aggregate T&D loss for FY 2013-14 i.e. 45.26% (corresponding to distribution loss of 43.0% and intra-state transmission loss of 4.0%) and any additional power purchase to meet the T&D losses over and above the target loss level has been disallowed by the Commission.

5.18 In addition, the Commission has approved the inter-state transmission losses as per the average transmission losses for northern region during FY 2013-14 as per the report of Northern Region Load Despatch Centre (NRLDC). Accordingly, the Commission has approved inter-state transmission losses at 3.6% for FY 2013-14.

Table 20: Approved Distribution and Transmission Losses FY 2013-14 (%)

Particulars	Approved in the MYT Order	Submitted now by Petitioner	Approved now by JKSERC
Distribution Loss (%)	43.0%	49.41%	43.0%
Intra-state Transmission loss (%)	4.0%	4.50%	4.0%
Inter-state Transmission loss (%)	3.6%	3.56%	3.6%

5.19 Based on the approved energy sales, distribution loss and intra-state transmission loss, the approved energy requirement at transmission periphery (within state) for FY 2013-14 has been summarized in the following table.

Table 21: Approved energy requirement for FY 2013-14 (in MU)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
ENERGY REQUIREMENT		
Energy Sales	5,739	5,739
Add: Distribution Loss (%)	49.41%	43.0%
Distribution Loss (MU)	5,605	4,326
Energy Req. @ Dist. periphery	**11,345**	**10,065**
Add: Intra-state Trans. Loss (%)	4.50%	4.00%
Intra-state Trans. Loss (MU)	535	419
Energy Req. @ Trans. Periphery (MU)	**11,879**	**10,485**

Power Purchase Quantum

Petitioner's Submission

5.20 JKPDD-D submitted that the energy requirement for the State during FY 2013-14 has been met from 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)

5.21 The Petitioner has submitted that the total energy available from own generating stations and JKSPDC during FY 2013-14 was 2337 MU.

5.22 Further, JKPDD-D also has firm allocated share in Central Generating Stations (CGSs) of NTPC Ltd, NHPC Ltd, Tehri Hydro Development Corporation (THDC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL). In addition, some power is also available from unallocated power from CGSs during the year. Accordingly, the Petitioner has submitted net energy availability from CGSs (through long term power purchase) during FY 2013-14 as 9,349 MU.

5.23 In addition to above, 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. Net Banking during FY 2013-14 has been considered as zero which is as per the approach followed by the Commission in the past.

5.24 Further, during FY 2013-14, the JKPDD-D has purchased energy on short term basis to meet shortfall in energy requirement. JKPDD-D purchased 544.58 MU during FY 2013-14 from short term sources as summarized below:

Table 22: Short Term Purchase during FY 2013-14 (in MU)

Name of Source	Actual
NVVN (JPL)	83.15
IEX	319.69
PTC (APL)	48.55
Others	93.19
Total	**544.58**

Renewable purchase Obligation (RPO)

5.25 In addition to above, as per the provisions of the JKSERC (Renewable Power Purchase Obligation, its compliance and REC Framework implementation) Regulation, 2011, JKPDD-D had to meet Solar RPO target of 0.25% of energy requirement and non-solar RPO target of 4.75% of energy requirement during FY 2013-14. The JKPDD-D submitted it does not have any grid connected solar tie up as yet due to non-availability of the grid connected solar in the state. However, the department is trying for a solar tie up with neighboring state.

5.26 In case of non-solar RPO target, the JKPDD-D submitted it has met the target to the extent non-solar RE power available from mini/small hydro stations/IPPs in the state. During FY 2013-14, the Petitioner has submitted that 243.34 MUs were available from mini hydro stations of JKSPDC and there are four small IPP projects in the State which are banking its energy with JKPDD distribution system and JKPDD returns the banked in units from its conventional power purchased. Accordingly, Petitioner submitted that it has met non-solar RPO target to the extent of 354.25 MUs during FY 2013-14 i.e. 243.34 MU from JKSPDC's mini hydel plants and 110.91 MU from small hydro IPPs.

5.27 Based on above, JKPDD-D has submitted that total energy available during FY 2013-14 from all sources was 12,231 MU. Considering inter-state transmission losses, the energy available at transmission periphery during FY 2013-14 is projected at 11,879 MU.

Commissions Analysis

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

5.29 In order to approve the energy availability from JKSPDC stations, the Commission provisionally approves the actuals submitted by the Petitioner which is subject to submission of authentic data based on audited accounts. Accordingly, the Commission provisionally approves net energy available from JKSPDC to be 2337 MU for FY 2013-14.

5.30 The energy availability from CGSs including NTPC, NHPC, NPCIL etc. has been determined 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, and accordingly, the Commission provisionally approves energy available from CPSUs to be 9,349 MU for FY 2013-14.

5.31 The Commission has considered the actual power purchased from short-term sources during FY 2013-14 in accordance with the Regulation 19 (d) of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 which states as follows:

"If there is a short term requirement of power by the Distribution Licensee over and above the quantum as approved by the Commission and such requirement is on account of any factor beyond the control of the Licensee (shortage/non-availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned/forced outages of power generating units or acts of God), then the cost shall be directly passed on to the customer without prior approval of the Commission."

5.32 Accordingly, the Commission has approved power purchase from short term sources of 544.58 MU during FY 2013-14.

Renewable purchase Obligation (RPO)

5.33 In addition to above, the Commission notes that even though JKPDD-D has to procure 5% of its total energy requirement from renewable energy sources during FY 2013-14 as per the RPO targets approved vide JKSERC (Renewable Power Purchase Obligation, its Compliance and REC Framework implementation) Regulations, 2011 and JKSERC Notification No. JKSERC/27 dated 5th March, 2013; the Petitioner has not completely met its RPO targets.

5.34 The estimated energy requirement for FY 2013-14 based on actual energy sales and approved loss for the period has been approved by the Commission at 10485 MU. Accordingly, the RPO target for FY 2013-14 based on obligation of 5% of energy requirement works out to 524 MU which includes solar RPO target of 26 MU and non-solar RPO target of 498 MU. Out of the above estimated target, the JKPDD-D submitted it has met 243 MU of non-solar RPO target through purchase of mini/ small hydro power from JKSPDC and 111 MU from IPPs.

5.35 The Commission, while rejecting the contention of the Utility to account for the banked energy of IPPs towards RPO compliance, pointed out that the role of the Utility for IPP's generation is only limited to the banking and wheeling of the energy which is sold by IPPs outside the State. The Petitioner needs to procure this energy for it to qualify for accounting towards RPO compliance.

5.36 Thus, the entire solar RPO target of 26 MU and partial non-solar RPO target of 255 MU remained unmet during the year. The Commission notes with concern that the Petitioner has neither achieved the specified RPO targets for the year nor has the Utility opened a separate account for meeting the annual fixed obligation of renewable energy as directed by the Commission in the last year's Order dated 24th June, 2014.

5.37 The Commission is of the view that the objective of fixation of RPO targets and mandating JKPDD-D to purchase power from renewable energy sources is a step towards long term energy security. As the Petitioner has failed to initiate any meaningful action to meet the said target even by way of inviting competitive bids, the Commission is constrained to disallow the amount earmarked for achieving RPO to the extent of shortfall in the manner as detailed in para 5.49 of this Order.

5.38 Further, the Petitioner is directed to ensure that the RPO targets are met in future and for this purpose they should initiate timely action for inviting competitive bids for procurement of solar/ non-solar power or alternately purchase RECs. The Commission directs that in future years the Petitioner should make all out efforts to meet RPO targets and any non-compliance shall invite penal action.

Disallowance of power purchase quantum

5.39 As stated in Para 5.17 of this Order, the Commission has disallowed additional power purchase over and above the target loss level of 45.26% by the Petitioner during FY 2013-14. Disallowed units of power purchase works out to 1442 MU.

5.40 Based on the above analysis and considering inter-state transmission losses at 3.60% for FY 2013-14, the approved energy availability from all sources during FY 2013-14 has been summarized in the following table:

Table 23: Source-wise approved energy availability during FY 2013-14 (in MU)

Source	Submitted now by Petitioner	Approved now by JKSERC
A. State-owned Stations		
JKPDD - Own Stations		
Diesel	0	0
Sub-Total (A)	**0**	**0**
B. JKPDC – Thermal		
Kalakote	0	0
Gas Turbine-I	0	0
Gas Turbine-II	0	0
Sub-Total (B)	**0**	**0**
C. JKPDC – Hydel		
LJHP	516	516
USHP-I	91	91
USHP-II	214	214
Ganderbal	23	23
Chenani-I	78	78
Chenani-II	7	7
Chenani-III	17	17
Sewa-III	5	5
Karnah	6	6
Sumoor	0	0
Bazgo	0	0
Hunder	1	1
Iqbal Bridge	4	4
Sanjak	1	1
Badherwah	3	3
Pahalgam	4	4
Haftal	1	1
Marpachoo	1	1
Igo-Mercellong	2	2
Stakna	0	0
Matchil	0	0
Sub-Total (C)* (includes 243 MUs reflected in non-solar RPO)	**974**	**974**
Baglihar (D)	**1364**	**1364**
Total State Generation (A+B+C+D)	**2337**	**2337**
E. NTPC		

Source	Submitted now by Petitioner	Approved now by JKSERC
Anta(G)	213	213
Anta(LNG+L)		
Auriaya(G)	175	175
Auriaya(LNG+L)		
Dadri(G)	307	307
Dadri(LNG+L)		
Unchahar-I	104	104
Unchahar-II	241	241
Unchahar-III	101	101
Rihand-I	549	549
Rihand-II	721	721
Rihand-III	252	252
Singrauli	124	124
Farraka	101	101
Talcher	0	0
Kahalgaon-I	221	221
Kahalgaon-II	593	593
Nctp-2	74	74
Korba-I	91	91
Korba-III	40	40
Mouda	21	21
Sipat-I	145	145
Sipat-II	59	59
Vindhyachal-I	73	73
Vindhyachal-2	56	56
Vindhyachal-3	59	59
Vindhyachal-4	40	40
Sub-Total (E)	**4361**	**4361**
F. NHPC		
Salal	724	724
Free power	388	388
Tanakpur	24	24
Chamera-I	91	91
Chamera-II	112	112
Chamera-III	77	77
Uri-I	550	550
Free power	302	302
Uri-II	227	227
Free power	255	255
Dulhasti	23	23
Free power	38	38
Dhauliganga	65	65
Sewa-II	58	58
Free power	10	10

Source	Submitted now by Petitioner	Approved now by JKSERC
Nimao Bazgo	13	13
Free power	21	21
Chutak	66	66
Free power	47	47
Sub-Total (F)	**3094**	**3094**
SJVNL(G)	**566**	**566**
THDC (H)	**234**	**234**
THDC Koteshwar (I)	**83**	**83**
J. PTC India Ltd.		
PTC (Tala)	64	64
PTC (BHEP)	107	107
Sub-Total (J)	**171**	**171**
K. NPCIL		
NAPS	222	222
RAPP 3&4	267	267
RAPP 5&6	224	224
TAPS 3&4	74	74
KAPS	22	22
Sub-Total (K)	**809**	**809**
JHAJJAR (L)	**31**	**31**
M. Total - Outside State sources (E+F+G+H+I+J+K+L)	**9,349**	**9,349**
N. Other (incl. ST Purchase)		
NVVN/IEX	451#	451
Renewable (243 MUs of non-solar RPO already reflected in the energy supplied by JKSPDC)*	0	0
UI (-)/(+)	80	80
DSM (-)/(+)	13	13
Sub-total (N)	**545**	**545**
Banking (O)	0	0
Power purchase disallowed (P)	0	-1442
Gross Energy Availability (M + N +O – P)	**12231**	**10789**
Less: Inter-state Transmission Loss @ 3.6%	352	304
Net Energy Availability	**11879**	**10485**

974 MUs under sub-total (C) includes 243 MUs accounted towards Non Solar RPO compliance

#Petitioner has not considered any cost for purchase of 93.19 MU indicated for short term purchase from 'Other' sources as per Table 22, hence the same has not been considered here

Power Purchase Cost

Power Purchase from JKSPDC

Petitioner's Submission

5.41 Based on the actual billing of JKSPDC stations during FY 2013-14, Petitioner has estimated power purchase cost from JKSPDC generating stations for FY 2013-14 as Rs. 481.69 Cr.

Commission's Analysis

5.42 The Commission has approved the cost of power purchased from the JKSPDC stations on the basis of the approved energy quantum from each station and the approved tariff of each project as per the JKSPDC's Tariff Order for FY 2013-14. The approved cost of power purchased for FY 2013-14 from all JKSPDC stations works out to Rs 470.25 Cr.

Power Purchase from CGSs and Other sources

Petitioner's Submission

5.43 The cost of the power purchased from central generating stations of NTPC, NHPC, NPCIL, other long term sources and short term purchases for FY 2013-14 has been determined based on the actual billing for FY 2013-14. Accordingly, the Petitioner has submitted that the cost of power purchase from CGSs and short term sources for FY 2013-14 to be Rs. 3222.35 Cr. This cost is excluding water usage charges from NHPC stations, which have been projected separately.

Commission's Analysis

5.44 The Commission has approved cost of power purchase based on actuals submitted by the Petitioner after analysis of the power purchase bills submitted by the Petitioner. Accordingly, the Commission approves cost of power purchase from CGSs as Rs. 3029.71 Cr. This includes reactive energy (RE) charges of Rs. 61.60 Cr and surcharge pertaining to current year of Rs. 150.05 Cr for FY 2013-14. In addition, the Commission approves Rs. 193 Cr as power purchase cost from short term sources during FY 2013-14. Thus, total cost of power purchase from CGSs including cost of purchase from short term sources works out to Rs. 3222.35 Cr.

Inter-state transmission Charges

Petitioner's Submission

5.45 Inter-state transmission charges payable to PGCIL are based on the total capacity allocation in transmission network. JKPDD-D has a mix of firm and infirm capacity allocation from various Central Generating Stations which is being revised by Ministry of Power at regular intervals. Inter-state transmission charges based on the actual billing for FY 2013-14 has been estimated as Rs. 344.33 Cr by

JKPDD-D.

Commission's Analysis

5.46 The Commission approves the inter-state transmission Charges as Rs. 344.33 Cr as per submission made by JKPDD-D subject to true up based on audited accounts.

Disallowance of Power Purchase costs

5.47 As stated above in Para 6.18, the Commission has disallowed additional power purchase over and above the target loss level by the licensee during the review period. The disallowed units of power purchase works out to be 1442 MU for FY 2013-14.

5.48 The cost of power purchase of units disallowed has been considered as the approved average power purchase rate of gross power purchase from JKSPDC and CGSs which works out to Rs. 3.30 per unit for FY 2013-14. The following table summarizes the cost of power purchase disallowed by the Commission for the MYT control period.

Table 24: Disallowed power purchase cost by the Commission for FY 2013-14 (Rs Cr)

Sl. No.	Description	UoM	2013-14
A	Cost of power purchase from JKSPDC & CGSs (incl. inter-state transmission charges)	*Rs Cr*	4,036.93
B	Quantum of power purchased from JKSPDC & CGSs (Gross)	*MU*	10,485
C	**Average rate of power purchase**	***Rs/KWh***	**3.30**
D	Power purchase units disallowed by the Commission	*MU*	1,442
E	**Disallowed power purchase cost (C * D / 10)**	***Rs Cr***	**476.04**

5.49 In addition, the Commission has disallowed the power purchase amount earmarked for achieving RPO, to the extent of shortfall in the RPO targets. As stated in para 5.36 of this Order, solar RPO target of 26 MUs and partial non-solar RPO target of 255 MUs remained unmet during the year. Accordingly, the disallowed amount on account of non-achievement of RPO targets during the year is summarized in the following tables:

Table 25: Cost of power purchase earmarked for meeting the RPO targets (Rs Cr)

Particulars	Quantum (MU)	Rate* (Rs/KWh)	Cost (Rs Cr)	Average Cost (Rs/kWh)
Solar sources	26	9.35	24.51	-
Non-solar sources	255^	5.00	127.34	-
Total	**281**	**-**	**151.85**	**5.41**

**As per the rates for solar and non-solar energy sources approved for FY 2013-14 in the MYT Order dated 25th April, 2013*

^ It does not include cost of 243 MU of RPO met through JKSPDC owned small-hydro stations.

Table 26: Disallowed power purchase amount on account of shortfall in RPO targets (Rs Cr)

Sl. No.	Description	UoM	2013-14
A	Average cost of power purchase from solar and non-solar sources earmarked for meeting the RPO targets	*Rs/kWh*	5.41
B	**Average rate of power purchase of JKPDD-D during FY 2013-14**	*Rs/kWh*	3.30
C	**Difference in average rates of power purchase (A-B)**	***Rs/KWh***	**2.11**
D	Quantum of RPO targets unmet by the Utility	*MU*	281
E	**Disallowed power purchase amount on account of shortfall in RPO targets (C * D / 10)**	***Rs Cr***	**59.14**

5.50 Based on above, the summary of power purchase cost submitted by the Petitioner and approved by the Commission for FY 2013-14 has been presented in following table.

Table 27: Approved power purchase cost from all sources for FY 2013-14 (Rs Cr)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Power Purchase from JKSPDC	481.70	470.25
Power Purchased from CGSs (including short term/UI)	3,222.35	3,222.35
Inter-state Transmission charges	344.33	344.33
Sub-total	**4,048.38**	**4,036.93**
Cost of power purchase disallowed	0.00	-476.04
Disallowed power purchase amount on account of shortfall in RPO targets	0.00	-59.14
Total Power Purchase cost	**4,048.38**	**3,501.74**

5.51 It is pertinent to note that the Comptroller and Auditor General (CAG) while auditing the State Finances of GoJK has submitted Rs 3738 Cr as expenditure of the GoJK towards power purchase during FY 2013-14 which includes the power purchase cost computed by the Commission i.e. Rs 3,501.74 Cr based on the approved energy procured during FY 2013-14. The expenditure figures indicated in the CAG Report may be inclusive of some past liabilities, etc. The utility, therefore, needs to reconcile these figures and project the actual details to the Commission.

Water Usage Charges

Petitioner's Submission

5.52 The Hon'ble Commission in its MYT order dated 25th April, 2013 approved Rs. 305.65 Cr. as pass through expense on account of water usage charges payable to JKSPDC for FY 2013-14.

5.53 In addition to above, the Petitioner submitted that the NHPC has also raised the bills payable during FY 2013-14 on account of water usage charges amounting to Rs. 212.46 Cr. Thus, JKPDD-D has claimed pass through of water usage charges pertaining to JKSPDC and NHPC for FY 2013-14 as Rs. 518.11 Cr.

Commission's Analysis

5.54 The Commission vide its Order dated 25th April, 2013 approved the reimbursement of water usage charges payable by the Petitioner in FY 2013-14 in the light of the orders passed by the State Water Resource Regulatory Authority, Government of Jammu & Kashmir from time to time.

5.55 Accordingly, the Commission approves Rs.305.65 Cr as pass through expense on account of water usage charges of JKSPDC for FY 2013-14 with the direction that the funds to discharge this liability will be provided to the utility by the Government over and above the budgetary allocation for power purchase as claimed by the Petitioner.

5.56 In case of water usage charges payable for NHPC stations, the Commission directed the Petitioner to provide station-wise and monthly details of arrears of water usage charges payable to NHPC stations for the past years. The Petitioner failed to provide the requisite data. The Commission provisionally approves the water usage charges of NHPC as approved in the last year's Order dated 24th June, 2014 i.e. Rs. 130.55 Cr for FY 2013-14.

5.57 Thus, total water usage charges approved by the Commission during FY 2013-14 works out to Rs. 436.20 Cr with the direction that the funds to discharge this liability will be provided to the utility by the Government over and above the budgetary allocation for power purchase as claimed by the Petitioner.

Operation & Maintenance (O&M) Expenses

Petitioner's Submission

5.58 The Petitioner submitted that the Operation and Maintenance (O&M) expenses comprise of employee expenses, Repair & Maintenance (R&M) expenses and Administrative & General (A&G) expenses.

5.59 The revised estimates of O&M expenses as per the State Budgetary approval for FY 2013-14 is summarized in the following table:

Table 28: O&M Expenses for FY 2013-14 (Rs. Cr)

Particulars.	Approved by JKSERC in MYT Order	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Actual submitted now
Employee Expenses	375.46	459.58	406.88	405.03
Admin & General Expenses	20.10	20.68	22.15	30.71
R&M Expenses	33.97	25.83	33.97	30.72
Total	**429.53**	**506.08**	**463.00**	**466.47**

Commission's Analysis

5.60 The O&M expenses for the FY 2013-14 are approved by the Commission in accordance with Regulation 22 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 and methodology approved in MYT Order dated 25th April, 2013. Accordingly, the Commission has approved separate norms for each of the components of O&M expenses viz., Employee cost, R&M expense and A&G expense.

Employee expenses

5.61 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

5.62 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 for the MYT period which works out to be Rs.2.60 lakh per employee. The following table summarises the computation of norm for employee cost.

Table 29: 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**	

5.63 This EMP_b is then escalated by average CPI index for previous three years worked out to be 8.80% per annum to arrive at EMP_n without adjustment for provisions. This is then multiplied by number of employees during FY 2013-14 to arrive at employee cost for FY 2013-14. The number of employees for FY 2013-14 has been considered based on actual employees for FY 2013-14 as per the year book for the year. Further, the provision for 6th Pay Commission arrears is allowed as pass through during the MYT period in the ratio allocated to distribution business. Accordingly, 87% of the cost pertaining to 6th Pay Commission arrears of Rs.42.81 Cr had been allocated to distribution business for MYT period which works out to Rs.37.38 Cr.

5.64 Based on above, the approved employee expenses for FY 2013-14 have been summarised in following table.

Table 30: Approved Employee Expenses for FY 2013-14 (Rs Cr)

Description	Units	Norm	2013-14
EMP_b (A)	Rs Cr/employee	0.026	
CPI Inflation rate (B)	%	8.80%	
Number of employees (C)	No.		14,062
EMP_n (D = A * B)	Rs Cr/employee		0.028
Employee Expenses without provisions (E = C * D)	**Rs Cr**		**391.76**
Arrears for 6th Pay Commission	Rs Cr		42.81
Allocated to Distribution (87% of total) (F)	*Rs Cr*		*37.38*
Employee expenses with provisions (G = E + F)	**Rs Cr**		**429.14**

A&G expenses

5.65 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:

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

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

5.66 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 31: 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**	

5.67 This $A\&G_b$ is then escalated by average WPI index for previous three years worked out to 5.13% 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.

5.68 Based on above, the approved A&G expenses for FY 2013-14 have been summarised in following table.

Table 32: Approved A&G Expenses for FY 2013-14 (Rs Cr)

Description	Units	Norm	2013-14
$A\&G_b$ (A)	**Rs Cr/employee**	**0.002**	
WPI Inflation rate (B)	%	**5.13%**	
Number of employees (C)	No.		14,062
$A\&G_n$ (D = A * B)	**Rs Cr/employee**		0.0016
A&G Costs (E = C * D)	**Rs Cr**		**23.13**

R&M Expenses

5.69 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

5.70 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-D 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.

5.71 Based on above, proportion of R&M costs to opening GFA for FY 2010-11 and FY 2011-12 works out to 1.39% & 1.29%, respectively. Thus ‘Kb’ is determined as average of previous year’s ratios i.e. 1.34% of opening GFA for year ‘n’.

5.72 The determination of norm for R&M cost (i.e. K factor) has been summarised in following table.

Table 33: 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%**	

5.73 The normative ‘K_b’ factor is then multiplied by the approved opening GFA for FY 2013-14 as approved by the Commission in the MYT Order. The approved R&M costs for the MYT period have been summarised below.

Table 34: Approved R&M Expenses for FY 2013-14 (Rs Cr)

Description	Units	Norm	2013-14
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
Approved R&M costs	**Rs Cr**		**33.97**

5.74 The following table summarizes the O&M cost as submitted by the Petitioner and as computed by the Commission for FY 2013-14:

Table 35: Computed O&M Expenses for FY 2013-14 (Rs. Cr)

Particulars	Approved in MYT Order	Approved by JKSERC in last year’s Tariff Order dated 24.06.2014	Submitted now by Petitioner	Computed by JKSERC
Employee Expenses	375.46	406.88	405.03	429.14
Admin & General Expenses	20.10	22.15	30.71	23.13
R&M Expenses	33.97	33.97	30.72	33.97
Total	**429.53**	**463.00**	**466.47**	**486.24**

5.75 Since JKPDD-D is a Government owned Utility and is funded by the State Government, the Commission had directed the Petitioner to furnish certified information on O&M expenses for FY 2013-14 duly authenticated by the Power Development Department (PDD), GoJK.

5.76 In reply, Director Finance, Power Development Department (PDD), GoJK, submitted the information on O&M expenditure indicating therein that actual O&M expenditure of the Utility as per the State Budget for FY 2013-14 was Rs 469.10 Cr. The Commission therefore approves the O&M expenses to the tune of Rs 469.10 Cr. for FY 2013-14 as submitted by the Director Finance, PDD, GoJK.

Capital expenditure and Capitalization

Petitioner's Submission

5.77 The Petitioner submitted that it incurred capital expenditure of Rs 215.91 Cr during FY 2013-14 while the actual capitalisation was Rs 86.37 Cr.

Commission's Analysis

5.78 The Petitioner was directed by the Commission to submit certified information on capital investment for FY 2013-14 to FY 2015-16 duly authenticated by the Power Development Department, GoJK. However, the Petitioner failed to provide the same.

5.79 Moreover, the Commission observed discrepancies in the capital expenditure figures submitted in the Petition and those submitted in the distribution formats. Thus, in absence of certified information, the Commission has provisionally approved capital expenditure as well as the capitalisation based on the scheme-wise details submitted in the distribution formats along with the Petition.

5.80 The Commission directs the Petitioner to submit certified information on capital investment for FY 2013-14 duly authenticated by Power Development Department, GoJK along with the audited accounts for FY 2013-14.

5.81 The details of approved capital investment for FY 2013-14 are provided in the table below:

Table 36: Approved Capital Investment FY 2013-14 (Rs Cr)

Particulars	App. in MYT Order	Approved in last year's Order	Actuals Submitted now	Approved by the Commission
RGGVY Projects	174.23	174.23		149.02
PMRP Projects	0.00	0.00		0.00
R-APDRP Projects	397.10	397.10		0.00
New Distribution Works	43.46	43.46		56.11
REC Funded Projects	50.00	50.00		7.94
Others	45.89	45.89		0.00
Metering as per Order dated 21st April, 2014	0.00	23.45		0.00
Total	**710.68**	**734.13**	**215.91**	**213.07**

Table 37: Approved Capitalisation FY 2013-14 (Rs Cr)

Particulars	App. in MYT Order	Approved in last year's Order	Actuals submitted now	Approved by the Commission
RGGVY Projects	174.23	174.23	59.61	59.61
PMRP Projects	0.00	0.00	0.00	0.00
R-APDRP Projects	272.95	125.00	0.00	0.00
New Distribution Works	27.17	40.28	23.58	23.58
REC Funded Projects	34.52	25.00	3.17	3.17
Others	31.68	10.00	0.00	0.00
Metering as per Order dated 21.04.2014	0.00	0.00	0.00	0.00
Total	**540.54**	**374.51**	**86.37**	**86.37**

Gross Fixed Assets (GFA)

Petitioner's Submission

5.82 The Petitioner submitted that based on the closing GFA of FY 2012-13 and the actual capitalisation during FY 2013-14, it has submitted the closing GFA of FY 2013-14 as summarised in the following table:

Table 38: GFA for FY 2013-14 as submitted by the Petitioner (Rs Cr)

Particulars	App. In MYT Order	Sub. By Petitioner in last year's review Petition	Approved by Commission in last year's Tariff Order dated 24.06.2014	Actual Submitted now
Opening Balance	2,542.71	4,744.00	2,542.71	2,542.71
Addition during the year	540.54	374.51	374.51	86.37
Closing Balance	**3,083.25**	**5,118.51**	**2,917.22**	**2,629.08**

Commission's Analysis

5.83 The opening GFA of FY 2013-14 has been considered as per the approved opening GFA of FY 2013-14 in the MYT Order.

5.84 Based on the approved opening GFA and the approved capitalization for FY 2013-14, the Commission approves Rs. 2629.08 Cr as closing GFA for FY 2013-14.

5.85 The following table summarizes opening GFA, assets capitalized and closing GFA for FY 2013-14 as submitted by Petitioner and provisionally approved by the Commission:

Table 39: Approved Capitalization and GFA for FY 2013-14 (Rs. Cr)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Opening Balance	2,542.71	2,542.71
Addition during the year	86.37	86.37
Closing Balance	**2,629.08**	**2,629.08**

Depreciation

Petitioner's Submission

5.86 The JKPDD-D has determined depreciation on closing GFA for FY 2013-14 which is funded through REC loan only. The Petitioner has applied the average depreciation rate of 3.6% on the closing GFA to estimate the depreciation for FY 2013-14 which works out to Rs. 5.87 Cr.

Commission's Analysis

5.87 The Regulation 24 (b) of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 provides that depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants. However as details of segregated assets into transmission and distribution functions of the utility and the financing of GFA for distribution business have not been submitted separately, the Commission has approved the depreciation on the assets funded by loan from REC only which is in accordance with the methodology approved by the Commission in MYT Order dated 25th April, 2013.

5.88 With regard to rate of depreciation, 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 MYT Order dated 25th April, 2013.

5.89 The Commission has calculated the depreciation on the average GFA during the year as the additions to the GFA take place throughout the year and the average of the opening and closing GFA gives a more realistic view.

5.90 The depreciation cost as approved in previous MYT Order, submitted now by Petitioner and provisionally approved now by the Commission has been summarized in following table:

Table 40: Approved depreciation charges for FY 2013-14 (Rs Cr)

Particulars	App. In MYT Order	Sub. By Petitioner in last year's review Petition	Approved by Commission in last year's Tariff Order dated 24.06.2014	Actual Submitted now	Approved now by Commission
Opening GFA	168.21	159.00	159.00	159.00	159.00
Additions to GFA	34.52	25.00	25.00	7.94	3.17

Particulars	App. In MYT Order	Sub. By Petitioner in last year's review Petition	Approved by Commission in last year's Tariff Order dated 24.06.2014	Actual Submitted now	Approved now by Commission
Closing GFA	**202.73**	**184.00**	**184.00**	**166.94**	**162.17**
Average GFA	**185.47**	**171.50**	**171.50**	**162.97**	**160.59**
Depreciation Rate	3.60%	3.60%	3.60%	3.60%	3.60%
Total	**6.68**	**6.62**	**6.17**	**5.87**	**5.78**

Interest and Finance Charges

Interest on Loans

Petitioner's Submission

5.91 Based on the actual loan balance, receipts and repayments during FY 2013-14 and the interest rate of 9.39% as applied by the Commission in MYT Order, the Petitioner has estimated interest and finance charges as Rs. 14.91 Cr for FY 2013-14.

Commission's Analysis

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

(a) The opening balance of term liabilities as on 1st April, 2013 has been considered as per the opening balance approved by the Commission in the MYT Order.

(b) Additions in loan during the year have been considered as per approved capitalization for REC funded projects i.e. Rs. 3.17 Cr.

(c) Regarding of repayment of loan during the year, the Commission had asked the Utility to submit proofs of actual loan addition and repayments during FY 2013-14. In reply, the Petitioner submitted that it had repaid the loan amounting to Rs 15.18 Cr during the FY 2013-14. Accordingly, the Commission has considered Rs 15.18 Cr as loan repaid during the year.

(d) Rate of interest has been considered as 9.39% and is the same as considered in the MYT Order dated 25th April, 2013.

5.93 The Commission has calculated the interest on the average loan balance during the year and not on the closing loan balance as the receipts and repayments take place throughout the year and the average of the opening and closing loan balance gives a more realistic view.

5.94 Based on the above approach, the following table summarizes the interest and finance charges approved in previous MYT Order, submitted now by Petitioner and provisionally approved now by the Commission for FY 2013-14:

Table 41: Approved Interest and Finance Charges for FY 2013-14 (Rs. Cr)

Particulars	Approved in MYT Order	Approved in last year's Order	Actual submitted now by Petitioner	Approved now by JKSERC
Opening Loan balance (REC funded projects only)	159.0	158.96	159.00	159.00
Additions during the year (REC funded projects only)	34.52	25.00	7.94	3.17
Actual Repayments during the year	10.00	12.05	8.35	15.18
Closing Loan balance	**183.48**	**171.91**	**158.59**	**146.99**
Average Loan Balance	**171.22**	**165.44**	**158.79**	**153.00**
Rate of interest (%)	9.39%	9.39%	9.39%	9.39%
Interest on Term Loans	**16.08**	**15.54**	**14.91**	**14.37**

Interest on Working Capital

5.95 The Petitioner submitted that it has claimed normative interest on working capital for the MYT control period as per the relevant provisions of the JKSERC (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

5.96 The interest on working capital has been considered at normative interest rate of 14.75%. Accordingly, the Petitioner has projected interest on normative working capital for FY 2013-14 as Rs. 48.80 Cr.

Commission's Analysis

5.97 The Commission has estimated the interest on normative working capital as per Regulation 26 of the JKSERC (Multi Year Tariff Distribution) Regulations, 2012. Accordingly, the normative working capital requirements for FY 2013-14 has 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.

5.98 Further, as per the Regulation, the rate of interest for computation of interest on normative working capital shall be considered equal to the J&K Bank Advance Rate as on date on which the Petition for determination of tariff is accepted by the

Commission. Accordingly, the Commission has considered interest rate for working capital as equivalent to J&K Bank Advance rate i.e. 14.75% for computation of interest on working capital for FY 2013-14.

5.99 The interest on normative working capital as approved in the MYT Order, last year's Order, submitted now by Petitioner and approved now by the Commission for FY 2013-14 has been summarized in following table.

Table 42: Approved Interest on Working Capital for FY 2013-14 (in Rs. Cr.)

Particulars	Approved in MYT Order	Approved in last year's Order	Submitted now by Petitioner	Approved now by JKSERC
O & M Expenses for one month	35.79	38.58	38.87	40.52
Revenue for two months	287.79	325.32	291.00	322.43*
Maintenance Spares @ 40% of R&M expenses for one month	1.13	1.13	1.02	1.13
Normative Working Capital	**324.72**	**365.03**	**330.89**	**364.09**
Rate of Interest	15.00%	14.75%	14.75%	14.75%
Interest on Working Capital	**48.71**	**53.84**	**48.81**	**53.70**

** Revenue for two months is higher than that submitted by Petitioner as revenue at existing tariffs based on approved number of consumers, connected load, energy sales and existing tariffs has been computed and approved as Rs. 1934.60 Cr against revenue of Rs 1745.98 Cr submitted by Petitioner.*

Return on Equity

Petitioner's Submission

5.100 The JKSERC MYT Regulations, 2012, has approved pre-tax rate of reasonable return of 15.5% for Distribution Company. JKPDD-D does not have any normative equity as the entire capital expenditure has been funded by way of grants, except for a small portion of term debt. Further, the capital expenditure proposed in the MYT period is expected to be totally funded by way of Grants from GoJK or GoI. Hence, the Petitioner has not claimed any return on equity for FY 2013-14.

Commission's Analysis

5.101 The Commission accepts the submission made by the Petitioner and has not approved any return on equity for FY 2013-14.

Non-tariff Income

Petitioner's Submission

5.102 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.). The Petitioner has computed non-tariff income for FY 2013-14 to be Rs 14.09 Cr.

Commission's Analysis

5.103 The Commission accepts the submission made by the Petitioner and provisionally approves non-tariff income for FY 2013-14 at Rs. 14.09 Cr.

Intra-state transmission charges

Petitioner's Submission

5.104 The Intra-state transmission charges for FY 2013-14 have been considered as per the ARR approved for the transmission business of JKPDD for FY 2013-14 vide Order dated 24th June, 2014 i.e. Rs 102.69 Cr.

Commission's Analysis

5.105 The Commission has considered the intra-state transmission charges as per the ARR approved in the APR Order for FY 2013-14 for JKPDD-Transmission business dated 24th June, 2014. Accordingly, the intra-state transmission charges for FY 2013-14 have been approved as Rs. 102.69 Cr.

Sharing of aggregate gains/losses

Petitioner's Submission

5.106 The Petitioner in its True-Up Petition for FY 2013-14 has not made any claim for sharing of aggregate gains/ losses on account of AT&C losses being controllable in nature as per the JKSERC (Multi Year Distribution Tariff) Regulations, 2012.

Commission's Analysis

5.107 The Regulation 11.2 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012, provides for sharing of gains/ losses on account of controllable factors of Aggregate AT&C loses as follows:

"11.2 The approved aggregate loss to the Distribution Licensee on account of controllable factor of aggregate technical and commercial (AT&C) losses shall be dealt with in the following manner:

(a) One-third of the amount of such loss may be passed on as an additional charge in tariff over such period as may be stipulated in the Order of the Commission; and

(b) The balance amount of loss shall be absorbed by the Distribution Licensee."

5.108 However, Regulation 8.2, as amended as per Commission's notification dated 2nd July, 2013, states that any truing up of expenses shall be done on basis of audited accounts only. The relevant Regulation has been reproduced as follows:

"Provided that truing up of expenses for any year shall be carried out on the basis

of the audited annual accounts for the year subject to prudence check by the Commission."

5.109 Thus, in absence of established/ authenticated baseline data and audited accounts for the year, it is not in the fitness of things to estimate sharing of gains and losses on basis of provisional accounts as part of provisional True-Up exercise. Thus, the Commission has not considered any sharing of gains/ losses on account of controllable factors and same will be considered at the time of submission of audited accounts for the year.

Aggregate Revenue Requirement (ARR) for FY 2013-14

5.110 Based on the various components as discussed above, the summary of ARR for the FY 2013-14 as submitted by the Petitioner and as approved by the Commission has been summarized in the following table

Table 43: Summary of ARR for FY 2013-14 (Cr)

ARR Components	App. In MYT Order	Sub. by Petitioner in last year's review Petition	Approved by Commission in last year's Tariff Order dated 24.06.2014	Actual submitted now by the Petitioner	Approved now by Commission
Costs					
Power Purchase Cost	2,916.02	3,873.79	3,445.20	4,048.38	3,501.74
Water usage charges (JKSPDC+NHPC).	305.65	495.65	436.20	518.11	436.20
Intra-state transmission Charges	105.33	105.33	102.69	102.69	102.69
Operation and Maintenance Cost	429.53	506.08	463.00	466.47	469.10
Interest Cost	16.08	16.14	15.54	14.91	14.37
Depreciation	6.68	6.62	6.17	5.87	5.78
Interest on Working Capital	48.71	53.60	53.84	48.81	53.70
Total Costs	**3,828.00**	**5,057.21**	**4,522.64**	**5,205.23**	**4,583.59**
Add: Return on Equity	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	14.09	14.09	14.09	14.09	14.09
Aggregate Revenue Requirement	**3,813.90**	**5,043.12**	**4,508.55**	**5,191.14**	**4,569.50**

Revenue from Sale of Power at Existing Tariffs

Petitioner's Submission

5.111 Based on the energy sales, number of consumers and connected load based for FY 2013-14 and the category-wise approved tariffs as per the MYT Order, the revenue assessed at the existing tariff by the Petitioner for FY 2013-14 works out to Rs. 1,745.98 Cr.

Commission's Analysis

5.112 The Commission has computed the revenue from sale of power at existing tariffs for FY 2013-14 based on the approved number of consumers, connected load, energy sales as per this Order and existing tariffs as per the MYT Order.

5.113 Accordingly, the Commission has now determined the revenue realization for FY 2013-14 as Rs. 1,934.60 Cr instead of Rs 1,745.98 Cr as submitted by the Petitioner as summarized in the following table:

Table 44: Revenue from sale of power at existing tariffs for FY 2013-14 (Rs Cr)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Domestic	488.66	556.09
Non-Domestic/Commercial	201.14	198.56
Agriculture	71.84	115.22
State/ Central Govt. Department	315.00	335.17
Public Street Lighting	10.24	12.18
LT Industrial Supply	99.71	102.83
HT Industrial Supply	236.41	297.41
HT-PIU Industrial Supply	36.49	51.36
LT Public Water Works	175.18	129.06
HT Public Water Works	47.84	58.45
General Purpose Bulk	63.47	78.27
Total	**1,745.98**	**1,934.60**

5.114 It is pertinent to note that even though the Commission has considered slab-wise energy sales, number of consumers and connected as submitted by the Petitioner and the existing tariff of each category as per the MYT Order, the revenue from sale of power submitted by the Petitioner is lower than that computed by the Commission by Rs 188.61 Cr. On detailed scrutiny of the Petitioner's submission, it was observed that neither the fixed charges nor the energy charges for various categories of consumers matched with the charges computed by the Commission. Moreover, in some cases, the fixed charges of some categories of consumers were not considered by the Petitioner in its computation at all.

5.115 Also, the actual revenue realized during FY 2013-14 was Rs 1667.40 Cr (including arrears of Rs 201 Cr) as submitted by the Petitioner against the revenue assessed of Rs 1934.60 Cr. The collection efficiency of Utility for FY 2013-14 is computed to be 83.9% which decreases further to 75.8% if arrears are excluded from revenue collected during the year. Owing to poor revenue recovery vis-a-vis revenue billed, the Utility has a dubious distinction of having the lowest collection efficiency in the country.

5.116 It is pertinent to note that the CAG, in his audit report of the State Finances for FY 2013-14 has submitted Rs 1533 Cr as power receipts during the year which contradicts the claim of the Petitioner to have collected Rs 1667.40 Cr of revenue from sale of power during the year. The Commission directs that from the subsequent Petitions, the Petitioner should submit authenticated and reconciled figures of the CAG as well as the State Budget along with the Petition.

Revenue Gap

Petitioner's Submission

5.117 Based on the actual ARR for FY 2013-14 i.e. Rs. 5191.14 Cr and assessed revenue realization for FY 2013-14 i.e. Rs.1,745.98 Cr, the Petitioner has submitted revenue gap at existing tariffs for FY 2013-14 to be Rs. 3445.15 Cr.

Commission's Analysis

5.118 Based on the approved ARR as well as approved revenue assessed for FY 2013-14, the Commission has provisionally determined revenue gap for FY 2013-14 as summarized in the following table:

Table 45: Approved revenue gap at existing tariffs for FY 2013-14 (Rs Cr)

Sl. No.	Particulars	Approved in MYT Order	Approved in last year's Order	Submitted now by Petitioner	Approved now by JKSERC
1	Aggregate Revenue Requirement	3,813.90	4,508.55	5,191.14	4,569.50
2	Revenue Assessed	1,872.71	1,951.89	1,745.98	1,934.60
3	**Revenue Gap**	**(1,941.20)**	**(2,556.66)**	**(3,445.15)**	**(2,634.90)**

5.119 Further, as per the approach adopted by the Commission for cost coverage in its previous Tariff Orders, the Commission has determined Average Cost of Supply at Approved Loss Level ($ACOS_{AL}$) to measure approved cost of supply keeping in mind approved losses, Average Cost of Supply at Zero Loss level ($ACOS_{ZL}$) to determine tariffs to recover atleast power purchase and other distribution costs without booking huge losses simply to avoid tariff shock to consumers and Average Cost of Supply at Prudent Loss level ($ACOS_{PL}$) to determine gradual movement towards recovery of average cost of supply at targeted/ prudent loss levels.

5.120 For computation of average cost of supply at different loss levels, the Commission considered the following:

(a) **Average Cost of Supply at Approved Loss ($ACOS_{AL}$):** The Commission has calculated the $ACOS_{AL}$ by dividing the overall ARR of the utility by the approved energy sales quantum (units) for the corresponding financial year.

(b) **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 the corresponding financial year.

(c) **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.

(d) **Prudent level of T&D losses:** The Commission has considered T&D losses of 23.65% 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.

5.121 It is also pertinent to mention here, that even though the Commission determines $ACOS_{PL}$ i.e. average cost of supply at prudent loss levels, it is a benchmark figure aimed to move tariffs in direction of cost recovery; however same has to be matched by performance and efficiency improvement by the JKPDD-D. At present, the tariffs in the State are fixed to recover ACOS at Zero Losses only.

5.122 The following table summarizes $ACOS_{AL}$, $ACOS_{ZL}$ and $ACOS_{PL}$ as approved by the Commission in the MYT Order, approved in the last year's Order, submitted now by the Petitioner and approved now by the Commission for FY 2013-14:

Table 46: Approved average COS for FY 2013-14 (Rs/kWh)

Sl. No.	Particulars	Derivation	Approved in MYT Order	Approved in last year's Order	Submitted now by Petitioner	Approved now by JKSERC
A	Energy Sales (MU)	-	5,263	5,849	5,739	5,739
B	T&D Losses (%)	-	45.26%	45.26%	51.69%	45.26%
C	Power Purchase Quantum (MU)	-	9,614	10,685	11,879	10,485
D	Aggregate Revenue Requirement (Rs Cr)	-	3,813.90	4,508.55	5,191.14	4,569.50
E	**COS as actual / approved losses (CoS_{AL}) (Rs/KWh)**	**[E = D/ A * 10]**	**7.25**	**7.71**	**9.04**	**7.96**
F	**CoS at Zero Losses (CoS_{ZL}) (Rs/KWh)**	**[F = D / C * 10]**	**3.97**	**4.22**	**4.37**	**4.36**
G	**CoS at Prudent Losses (CoS_{PL}) (Rs/KWh)**	**[G = D/ (C * (1-H)) *10]**	**5.22**	**5.53**	**-**	**5.71**
H	Approved average realization rate	-	3.56	3.34	3.04	3.37

Note 1: The prudent loss level for FY 2013-14 is considered as 23.65% (as per monthly statistics by CEA, www.cea.nic.in)

CHAPTER 6: ANNUAL PERFORMANCE REVIEW FOR FY 2014-15

6.1 As per Regulation 8.2 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 and as amended vide Commission's Order dated 2 July, 2013, 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. The relevant provision has been summarized below:

"8.2 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 in accordance with these Regulations.

Provided that truing up of expenses for any year shall be carried out on the basis of the audited annual accounts for the year subject to prudence check by the Commission."

6.2 Based on above, the Petitioner submitted the Petition for APR for FY 2014-15 based on the performance of the Utility during the period under review.

6.3 The Commission has provisionally approved the APR for FY 2014-15 in this Tariff Order, however it has not allowed any incentive/ penalty for gains/ losses on over/under achievement of targets for uncontrollable parameters as the review is based on provisional data. The sharing of gains/ losses will be determined at the time of True up based on audited annual accounts for the year and submission of actual data.

6.4 This section summarizes the projections for annual performance review for FY 2014-15 as submitted by Petitioner and as approved by the Commission.

Energy Sales

Petitioners Submission

6.5 JKPDD-D caters to a diverse consumer mix constituting of domestic, commercial, industrial and agriculture consumers. JKPDD-D submitted that at the end of FY 2013-14, the total number of consumers catered by JKPDD-D system was 1,572,815 having a total connected load of 2,766 MW.

6.6 Based on the performance of the Utility during FY 2014-15, a further 58,220 number of consumers and connected load of 124 MW have been added during the period under review as summarized in the following tables:

Table 47: Revised estimates of Consumers (Nos) for FY 2014-15

Consumer Category	Approved by JKSERC in MYT Order dated 25.04.2013	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Revised Estimates now*
Domestic				
Metered	*1,140,403*	*1,044,331*	*1,044,331*	*711,503*
Un-metered	*525,865*	*501,693*	*501,693*	*686,694*
Non - Domestic/ Commercial				
Metered	*137,013*	*146,392*	*146,392*	*118,398*
Un-metered	*29,863*	*45,440*	*45,440*	*61,334*
Agriculture				
Metered	*14,502*	*14,590*	*14,590*	*13,144*
Un-metered	*2,488*	*4,406*	*4,406*	*6,054*
State/ Central Govt. Departments	10,014	10,396	10,396	10,781
Public Street Lighting				
Metered	*149*	*171*	*171*	*121*
Un-metered	*102*	*101*	*101*	*137*
LT Industrial Supply				
Metered	*19,545*	*20,150*	*20,150*	*19,446*
Un-metered	*0*	*0*	*0*	*0*
HT Industrial Supply	720	787	787	714
HT PIU	17	14	14	13
LT Public Water Works				
Metered	*1,515*	*1,433*	*1,433*	*1,700*
Un-metered	*404*	*425*	*425*	*580*
HT Public Water Works	132	163	163	252
Bulk Supply	142	149	149	144
TOTAL	**1,882,873**	**1,790,641**	**1,790,641**	**1,631,015**

**As per revised submission in the reply to the third discrepancy note*

Table 48: Revised estimates of connected load (MW) for FY 2014-15

Consumer Category	Approved by JKSERC in MYT Order dated 25.04.2013	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Revised Estimates now
Domestic				
Metered	*863*	*1,013*	*1,013*	*984*

Consumer Category	Approved by JKSERC in MYT Order dated 25.04.2013	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Revised Estimates now
Un-metered	*438*	*333*	*333*	*422*
Non - Domestic/ Commercial				
Metered	*251*	*229*	*229*	*262*
Un-metered	*33*	*53*	*53*	*46*
Agriculture				
Metered	*102*	*104*	*104*	*106*
Un-metered	*33*	*34*	*34*	*46*
State/ Central Govt. Departments	205	201	201	214
Public Street Lighting				
Metered	*6*	*7*	*7*	*7*
Un-metered	*5*	*5*	*5*	*5*
LT Industrial Supply				
Metered	*253*	*259*	*259*	*251*
Un-metered	*0*	*0*	*0*	*0*
HT Industrial Supply	336	338	338	324
HT PIU	37	38	38	33
LT Public Water Works				
Metered	*49*	*59*	*59*	*74*
Un-metered	*25*	*33*	*33*	*28*
HT Public Water Works	21	21	21	28
Bulk Supply	50	60	60	59
TOTAL	**2,705**	**2,787**	**2,787**	**2,889**

6.7 As per the Regulation 16 of the JKSERC (Multi Year Distribution) Regulation 2012, energy sale is an uncontrollable parameter. The metered energy sales for the period under review i.e. FY 2014-15 is based on the actual sale of energy during the period under review.

6.8 The sales in the un-metered category as per the Regulation 17 of the above mentioned regulations have been assessed by working out the units backwards from the amount billed on connected load basis in each slab. This has enabled the department to assess the unmetered sales in a realistic manner particularly in the domestic category and commercial category where the unmetered sales are significant.

6.9 The category wise energy sales as submitted by the Petitioner have been summarized in following table.

Table 49: Revised Estimates of Energy Sales (MU) for FY 2014-15

Consumer Category	Approved by JKSERC in MYT Order dated 25.04.2013	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Revised Estimates now
Domestic				
Metered	*1,494*	*1,967*	2,016	*1,804*
Un-metered	*789*	*1,095*	1,095	*941*
Non - Domestic/ Commercial				
Metered	*513*	*371*	428	*473*
Un-metered	*107*	*176*	176	*243*
Agriculture				
Metered	*265*	*298*	335	*207*
Un-metered	*71*	*67*	67	*90*
State/ Central Govt. Departments	538	486	491	608
Public Street Lighting				
Metered	*23*	*28*	31	*20*
Un-metered	*16*	*16*	16	*25*
LT Industrial Supply				
Metered	*399*	*305*	311	*339*
Un-metered	*0*	*0*	0	*0*
HT Industrial Supply	705	679	682	872
HT PIU	123	125	125	117
LT Public Water Works				
Metered	*210*	*233*	246	*212*
Un-metered	*246*	*206*	206	*189*
HT Public Water Works	106	95	100	167
Bulk Supply	162	176	179	167
TOTAL	**5,767**	**6,323**	**6,504**	**6,474**

Commissions Analysis

6.10 As the FY 2014-15 is already over and the submission of the Petitioner is based on actual number of consumers, connected load and sales during the FY 2014-15, the Commission provisionally approves the number of consumers, connected load and energy sales as per the submission of the Petitioner. However, the same shall be

Trued-Up at the time of submission of audited accounts and verifiable data.

6.11 Accordingly, number of consumers, connected load and energy sales for FY 2014-15 as approved by the Commission have been summarized in following table:

Table 50: Approved number of consumers, connected load (MW) & Energy Sales (MU) for FY 2014-15

Consumer Category	Consumers (Nos.)	Connected Load (MW)	Energy sales (MU)
Domestic			
Metered	*711,503*	*984*	*1,804*
Un-metered	*686,694*	*422*	*941*
Non - Domestic/ Commercial			
Metered	*118,398*	*262*	*473*
Un-metered	*61,334*	*46*	*243*
Agriculture			
Metered	*13,144*	*106*	*207*
Un-metered	*6,054*	*46*	*90*
State/ Central Govt. Departments	10,781	214	608
Public Street Lighting			
Metered	*121*	*7*	*20*
Un-metered	*137*	*5*	*25*
LT Industrial Supply			
Metered	*19,446*	*251*	*339*
Un-metered	*0*	*0*	*0*
HT Industrial Supply	714	324	872
HT PIU	13	33	117
LT Public Water Works			
Metered	*1,700*	*74*	*212*
Un-metered	*580*	*28*	*189*
HT Public Water Works	252	28	167
Bulk Supply	144	59	167
TOTAL	**1,631,015**	**2,889**	**6,474**

Losses and Energy Requirement

Petitioners Submission

6.12 The distribution loss for FY 2014-15 as reported by the Utility is 47.0%. Further, the JKPDD-D submitted that it has initiated several steps to reduce the distribution losses which have historically remained very high. The department is implementing R-APDRP in 30 major towns of the State. The department has also constituted special Enforcement Team in addition to the routine inspection squads at all levels. The teams regularly conduct inspections of all the categories of consumers. During the inspections the illegal connections, defective energy meters, illegal hooking, load in use as against the sanctioned load, incidences of under billing, inspection of capacitors etc., are identified and it is ensured that the defaulters are dealt under rules. The department is taking all the possible administrative and technical measures to reduce the distribution loss and the results during the period are very encouraging.

6.13 The distribution loss level achieved during FY 2014-15 against the approved target in the MYT Order dated 25th April, 2013 has been summarized below.

Table 51: Revised estimates of distribution losses for FY 2014-15 (%)

Particulars	App. by JKSERC in MYT Order	Proj. in APR by JKPDD-D
Distribution Loss (%)	41.4%	47.0%

6.14 In addition to above, the Petitioner submitted that estimated inter-state and intra-state transmission losses should be approx. 3.6% and 4.0%, respectively which are same as approved by the Commission in the MYT order dated 25th April, 2013 and same has been summarized in the following table.

Table 52: Revised estimates of Inter-State and Intra-State Transmission Loss for FY 2014-15 (%)

Particulars	App. by JKSERC in MYT Order	Proj. in APR by JKPDD-D
Inter-state transmission loss	3.6%	3.6%
Intra-state transmission loss	4.0%	4.0%

6.15 The revised estimates of energy requirement at the transmission periphery (within State) during FY 2014-15 based on revised energy sales and estimated distribution and intra-state transmission losses has been summarized in the following table.

Table 53: Revised estimates of energy requirement (MU) for FY 2014-15

Sl. No.	Description	Submitted now by Petitioner
1	Energy Sales(MU)	6,474
2	Distribution Losses (%)	47.00%
3	**Total Energy required at Dist. Periphery(MU)**	**12,215**
4	Intra-State Transmission losses (%)	4.00%
5	**Total Energy Requirement (MU) at Transmission Periphery**	**12,724**

Commissions Analysis

6.16 The Commission views that even though the JKPDD-D has brought down losses in last two-three years, the T&D losses in the State are 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.

6.17 The Commission in its MYT Order for period from FY 2013-14 to 2015-16 dated 25th April, 2013 had set the target for T&D loss of 43.76% for FY 2014-15 which included 41.4% of distribution losses and 4.0% of intra-state transmission losses. The targets for T&D losses were approved after taking into consideration the JKPDD-D's commitment for metering and implementation of Central Government assisted R-APDRP scheme in the State. 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.

6.18 Thus, the Commission approves the same aggregate T&D loss for FY 2014-15 i.e. 43.76% (corresponding to distribution loss of 41.4% and intra-state transmission loss of 4.0%) and any additional power purchase to meet the T&D losses over and above the target loss level has been disallowed by the Commission.

6.19 In addition, the Commission has approved the inter-state transmission losses as per the average transmission losses for northern region during FY 2014-15 as per the report of Northern Region Load Despatch Centre (NRLDC). Accordingly, the Commission has approved inter-state transmission losses at 3.6% for FY 2014-15.

Table 54: Approved distribution and transmission Losses FY 2014-15 (%)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Distribution Loss (%)	47.00%	41.40%
Intra-state Transmission loss (%)	4.0%	4.0%
Inter-state Transmission loss (%)	3.6%	3.6%

6.20 Based on the approved energy sales, distribution loss and intra-state transmission loss, the approved energy requirement at transmission periphery (within state) for FY 2014-15 has been summarized in the following table.

Table 55: Approved energy requirement for FY 2014-15 (in MU)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
ENERGY REQUIREMENT		
Energy Sales	6,474	6,474
Add: Distribution Loss (%)	47.0%	41.4%
Distribution Loss (MU)	5,741	4,577
Energy Req. @ Dist. periphery	**12,215**	**11,051**
Add: Intra-state Trans. Loss (%)	4%	4%
Intra-state Trans. Loss (MU)	509	460
Energy Req. @ Trans. Periphery (MU)	**12,724**	**11,511**

Power Purchase Quantum

6.21 Power purchase expense is the largest component of the ARR, which forms 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 for FY 2014-15.

Petitioner's Submission

6.22 JKPDD-D submitted that the energy requirement for the State during FY 2014-15 has been met from 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 and banking arrangements, etc)

6.23 The Petitioner has submitted that the total energy available from own generating stations and JKSPDC during FY 2014-15 was 2430 MU.

6.24 Further, JKPDD-D also has firm allocated share in Central Generating Stations (CSGs) of NTPC Ltd, NHPC Ltd, Tehri Hydro Development Corporation (THDC), Satluj Jal Vidyut Nigam Limited (SJVNL) and Nuclear Power Corporation Limited (NPCIL). In addition, some power is also available from unallocated share from CSGs during the year. JKPDD-D has considered the firm allocation of power and unallocated share from different plants of CGS during FY 2014-15. Accordingly, the Petitioner has submitted net energy availability from CGSs (through long term power purchase) during FY 2014-15 as 10,373 MU.

6.25 In addition to above, 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. Net Banking during FY 2014-15 has been assumed as zero which is as per the approach followed by the Commission in the past. Further, during FY 2014-15, the JKPDD-D has purchased energy on short term basis to meet shortfall in energy requirement. JKPDD-D purchased 304.88 MU from IEX during FY 2014-15.

Renewable purchase Obligation (RPO)

6.26 As per the provisions of the JKSERC (Renewable Power Purchase Obligation, its compliance and REC Framework implementation) Regulation, 2011, JKPDD-D has to meet Solar RPO target of 0.75% of energy requirement and non-solar RPO target of 5.25% of energy requirement during FY 2014-15. The JKPDD-D submitted that it does not have any solar tie up as yet due to non-availability of the grid connected solar generation in the State and therefore could not procure any solar energy during the year.. However, the department is trying for a solar tie up with neighboring states.

6.27 In case of non-solar RPO target, the JKPDD-D submitted it has met the target to the extent non-solar RE power available from mini/small hydro stations/IPPs in the state. During FY 2014-15, the Petitioner has submitted the availability of 200.88 MUs from mini hydro stations of JKSPDC and 175.46 MUs from four small IPP projects in the State which are banking its energy with JKPDD distribution system and JKPDD returns the banked-in units from its conventional power purchased.

Accordingly, Petitioner submitted that it has met non-solar RPO target to the extent of 376.34 MUs during FY 2014-15 i.e. 200.88 MU from JKSPDC's mini hydel plants and 175.46 MU from IPPs.

6.28 Thus, JKPDD-D has submitted that total energy available during FY 2014-15 from all sources is estimated at 13,108 MU. Considering inter-state transmission losses, the energy available at transmission periphery during FY 2014-15 is estimated at 12,724 MU.

Commissions Analysis

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

6.30 In order to approve the energy availability from JKSPDC stations, the Commission provisionally approves the estimates submitted by the Petitioner which is subject to true up based on audited data. Accordingly, the Commission approves net energy available from JKSPDC as 2430 MU for FY 2014-15.

6.31 The energy availability from CGSs including NTPC, NHPC, NPCIL 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, and accordingly, the Commission approves energy available from CPSUs to be 10,373 MU for review period of FY 2014-15. This is subject to true up based on audited data.

6.32 The Commission has considered the actual power purchased from short-term sources from IEX during FY 2014-15 in accordance with the Regulation 19 (d) of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 which states as follows:

"If there is a short term requirement of power by the Distribution Licensee over and above the quantum as approved by the Commission and such requirement is on account of any factor beyond the control of the Licensee (shortage/non-availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned/forced outages of power generating units or acts of God), then the cost shall be directly passed on to the customer without prior approval of the Commission."

6.33 Accordingly, the Commission has approved power purchase from IEX of 305 MU during FY 2014-15.

Renewable purchase Obligation (RPO)

6.34 In addition to above, the Commission notes that even though JKPDD-D has to procure 6% of its total energy requirement from eligible renewable energy sources during FY 2014-15 which includes 0.75% of solar RPO target and 5.75% of non-solar RPO target as per the RPO targets specified vide JKSERC (Renewable Power Purchase Obligation, its Compliance and REC Framework implementation) Regulations, 2011 and JKSERC Notification No. JKSERC/27 dated 5th March, 2013; the Petitioner has not met its RPO targets completely.

6.35 The estimated energy requirement for FY 2014-15 based on review of energy sales and loss for the period has been approved by the Commission at 11511 MU. Accordingly, the RPO target for FY 2014-15 based on obligation of 6% of energy requirement works out to 691 MU which includes solar RPO target of 86 MU and non-solar RPO target of 604 MU. Out of the above estimated target, the JKPDD-D submitted it has met 201 MU of non-solar RPO target through purchase of mini/ small hydro power from JKSPDC and 175 MU from IPPs.

6.36 The Commission while rejecting the contention of the Utility to account for the banked energy of IPPs towards RPO compliance pointed out that the role of the Utility for IPP's generation has been only limited to the banking and wheeling of the energy which is sold by IPPs outside the State. The Petitioner needs to procure this energy for it to qualify for accounting towards RPO compliance.

6.37 The entire solar RPO target of 86 MU and partial non-solar RPO target of 403 MU remained unmet during the year. Further, as the FY 2014-15 is already over, the Commission notes with concern that the Petitioner has neither achieved the specified RPO targets for the year nor has the Utility opened a separate account for meeting the annual fixed obligation of renewable energy as directed by the Commission in the last year's Order dated 24th June, 2014.

6.38 The Commission is of the view that the objective of fixation of RPO targets and mandating JKPDD-D to purchase power from renewable energy sources is a step towards long term energy security. As the Petitioner has failed to initiate any meaningful action to meet the said target even by way of inviting competitive bids, the Commission is constrained to disallow the amount earmarked for achieving RPO to the extent of shortfall in the manner as detailed in para 6.50 of this Order.

6.39 Further, the Petitioner is directed to ensure that the RPO targets are met in future and for this purpose they should initiate timely action for inviting competitive bids for procurement of solar/ non-solar power or alternately purchase RECs. The Commission directs that in future years the Petitioner should make all out efforts to meet RPO targets and any non-compliance shall invite penal action.

Disallowance of power purchase quantum

6.40 As stated in Para 6.18 of this Order, the Commission has disallowed additional power purchase over and above the target loss level of 43.76% by the Petitioner during FY 2014-15. Disallowed units of power purchase works out to 1258 MU. Likewise shortfall in RPO targets has been disallowed.

6.41 Based on the above analysis and considering inter-state transmission losses at 3.60% for FY 2014-15, the projected and approved energy availability from all sources during FY 2014-15 has been summarized in the following table:

Table 56: Source-wise approved energy availability during FY 2014-15 (in MU)

Source	Submitted now by Petitioner	Approved now by JKSERC
A. State-owned Stations		
JKPDD - Own Stations		
Diesel	0	0
Sub-Total (A)	**0**	**0**
B. JKPDC – Thermal		
Kalakote	0	0
Gas Turbine-I	0	0
Gas Turbine-II	0	0
Sub-Total (B)	**0**	**0**
C. JKPDC – Hydel		
LJHP	552	552
USHP-I	75	75
USHP-II	279	279
Ganderbal	19	19
Chenani-I	72	72
Chenani-II	6	6
Chenani-III	6	6
Sewa-III	0	0
Karnah	6	6
Sumoor	0	0
Bazgo	0	0
Hunder	1	1
Iqbal Bridge	4	4
Sanjak	0	0
Badherwah	2	2
Pahalgam	7	7
Haftal	1	1
Marpachoo	1	1
Igo-Mercellong	1	1
Stakna	0	0
Matchil	0	0
Sub-Total (C)* (includes 201 MUs reflected in non-solar RPO)	**1032**	**1032**
Baglihar (D)	**1399**	**1399**
Total State Generation (A+B+C+D)	**2430**	**2430**
E. NTPC		
Anta(G)	181	181
Anta(LNG+L)		
Auriaya (G)	151	151
Auriaya (LNG+L)		

Source	Submitted now by Petitioner	Approved now by JKSERC
Dadri (G) Dadri (LNG+L)	234	234
Unchahar-I	122	122
Unchahar-II	244	244
Unchahar-III	141	141
Rihand-I	540	540
Rihand-II	746	746
Rihand-III	438	438
Singrauli	152	152
Farraka	94	94
Talcher	0	0
Kahalgaon-I	215	215
Kahalgaon-II	576	576
Nctp-2	69	69
Korba-I	83	83
Korba-III	39	39
Mouda	52	52
Sipat-I	151	151
Sipat-II	56	56
Vindhyachal-I	69	69
Vindhyachal-2	52	52
Vindhyachal-3	60	60
Vindhyachal-4	67	67
Jhanor-Gandhar	0.1	0.1
Kawas	0.1	0.1
Sub-Total (E)	**4531**	**4531**
F. NHPC		
Salal	748	748
Free power	409	409
Tanakpur	21	21
Chamera-I	96	96
Chamera-II	132	132
Chamera-III	89	89
Uri-I	588	588
Free power	328	328
Uri-II	239	239
Free power	254	254
Dulhasti	41	41
Free power	45	45
Dhauliganga	75	75
Sewa-II	58	58
Free power	10	10
Nimao Bazgo	39	39

Source	Submitted now by Petitioner	Approved now by JKSERC
Free power	24	24
Chutak	159	159
Free power	172	172
Parbati-III	54	54
Sub-Total (F)	**3582**	**3582**
SJVNL(G)	**663**	**663**
THDC (H)	**197**	**197**
THDC Koteshwar (I)	**75**	**75**
J. PTC India Ltd.		
PTC(Tala)	61	61
PTC(BHEP)	431	431
PTC (APL)	49	49
Sub-Total (J)	**541**	**541**
K. NPCIL		
NAPS	218	218
RAPP 3&4	263	263
RAPP 5&6	172	172
TAPS 3&4	74	74
KAPS	21	21
Sub-Total (K)	**747**	**747**
JHAJJAR (L)	**36**	**36**
M. Total - Outside State sources (E+F+G+H+I+J+K+L)	**10,373**	**10,373**
N. Other (incl. ST Purchase)		
NVVN/IEX	305	305
Renewable (201 MUs of non-solar RPO already reflected in the energy supplied by JKSPDC)*	0	0
UI (-)/(+)	0	0
Sub-total (N)	**305**	**305**
Banking (O)	0	0
Power purchase disallowed (P)	0	-1258
Gross Energy Availability (M + N +O – P)	**13,108**	**11,850**
Less: Inter-state Transmission Loss @ 3.6%	384	339
Net Energy Availability	**12,724**	**11,511**

**1032 MUs under sub-total (C) includes 201 MUs accounted towards Non-Solar RPO compliance*

Power Purchase Cost

Power Purchase from JKSPDC

Petitioner's Submission

6.42 Based on the actual billing of JKSPDC stations during the period under review, Petitioner has estimated power purchase cost from JKSPDC generating stations for FY 2014-15 as Rs. 485.26 Cr.

Commission's Analysis

6.43 The Commission has approved the cost of power purchased from JKSPDC stations on the basis of approved energy quantum and the approved tariff as per the JKSPDC's Tariff Order for FY 2014-15. The approved cost of power purchased for FY 2014-15 works out to Rs 469.14 Cr at an average rate of Rs. 1.93 per unit.

Power Purchase from CGSs and Other sources

Petitioner's Submission

6.44 The cost of the power purchased from central generating stations of NTPC, NHPC, NPCIL, other long term sources and short term purchases for FY 2014-15 has been estimated based on the actual billing for the period under review. Accordingly, the Petitioner has submitted that the cost of power purchase from CGSs and short term sources for FY 2014-15 is projected to be Rs. 3523.31 Cr. This cost is excluding water usage charges from NHPC stations, which have been projected separately.

Commission's Analysis

6.45 The Commission has approved cost of power purchase based on revised estimates submitted by the Petitioner after analysis of the power purchase bills submitted by the Petitioner. Accordingly, the Commission approves cost of power purchase from CGSs as Rs. 3409.19 Cr. This includes reactive energy (RE) charges of Rs. 44.61 Cr and surcharge pertaining to current year of Rs. 210.86 Cr for FY 2014-15. In addition, the Commission approves Rs. 113 Cr as power purchase cost from short term sources IEX during FY 2014-15. Thus, total cost of power purchase from CGSs including cost of purchase from short term works out to Rs. 3522.19 Cr.

Inter-state transmission Charges

Petitioner's Submission

6.46 Inter-state transmission charges payable to PGCIL are based on the total capacity allocation in transmission network. JKPDD-D has a mix of firm and infirm capacity allocation from various Central Generating Stations which is being revised by Ministry of Power at regular intervals. Inter-state transmission charges based on the actual billing for FY 2014-15 has been submitted as Rs. 373.44 Cr by JKPDD-D.

Commission's Analysis

6.47 The Commission approves inter-state transmission Charges as Rs. 373.44 Cr as per submission made by JKPDD-D subject to True-Up based on audited accounts.

Disallowance of Power Purchase costs

6.48 As stated above in Para 6.18, the Commission has disallowed additional power purchase over and above the target loss level by the licensee during the review period. The disallowed units of power purchase works out to be 1258 MU for FY 2014-15.

6.49 The cost of power purchase of units disallowed has been considered as the approved average power purchase rate of gross power purchase from JKSPDC and CGSs which works out to Rs. 3.33 per unit for FY 2014-15. The following table summarizes the cost of power purchase disallowed by the Commission for the MYT control period.

Table 57: Disallowed power purchase cost by the Commission for FY 2014-15 (Rs Cr)

Sl. No.	Description	*UoM*	2014-15
A	Cost of power purchase from JKSPDC & CGSs (incl. inter-state transmission charges)	*Rs Cr*	4,364.77
B	Quantum of power purchased from JKSPDC & CGSs (Gross)	*MU*	13,108
C	**Average rate of power purchase**	***Rs/KWh***	**3.33**
D	Power purchase units disallowed by the Commission	*MU*	1,258
E	**Disallowed Power purchase cost (C * D / 10)**	***Rs Cr***	**418.93**

6.50 In addition, the Commission has disallowed the amount earmarked for achieving RPO, to the extent of shortfall in the RPO targets. As stated in para 5.36 of this Order, solar RPO target of 86 MUs and partial non-solar RPO target of 403 MUs remained unmet during the year. Accordingly, the disallowed amount on account of non-achievement of RPO targets during the year is summarized in the following tables:

Table 58: Cost of power purchase earmarked for meeting the RPO targets (Rs Cr)

Particulars	Quantum (MU)	Rate* (Rs/KWh)	Cost (Rs Cr)	Average Cost (Rs/kWh)
Solar sources	86	8.08	69.8	-
Non-solar sources	403	5.00	201.7	-
Total	**490**	**-**	**271.5**	**5.54**

**As per the rates for solar and non-solar energy sources approved for FY 2014-15 in the last year's Order dated 24th June, 2014*

^ It does not include cost of 201 MU of RPO met through JKSPDC owned small-hydro stations.

Table 59: Disallowed power purchase amount on account of shortfall in RPO targets (Rs Cr)

Sl. No.	Description	UoM	2014-15
A	Average cost of power purchase from solar and non-solar sources earmarked for meeting the RPO targets	*Rs/kWh*	5.54
B	**Average rate of power purchase of JKPDD-D during FY 2014-15**	*Rs/kWh*	3.33
C	**Difference in average rates of power purchase (A-B)**	***Rs/KWh***	**2.21**
D	Quantum of RPO targets unmet by the Utility	*MU*	490
E	**Disallowed power purchase amount on account of shortfall in RPO targets (C * D / 10)**	***Rs Cr***	**108.40**

6.51 Based on above, the summary of power purchase cost proposed by the Petitioner and approved by the Commission for FY 2014-15 has been presented in following table:

Table 60: Approved power purchase cost from all sources for FY 2014-15 (Rs Cr)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Power Purchase from JKSPDC	485.26	469.14
Power Purchased from CGSs (including short term/UI)	3,523.211	3,522.19
Inter-state Transmission charges	373.44	373.44
Sub-total	**4,382.02**	**4,364.77**
Cost of power purchase disallowed	0.00	-418.93
Disallowed power purchase amount on account of shortfall in RPO targets	0.00	-108.40
Total Power Purchase cost	**4,382.02**	**3, 837.45**

Water Usage Charges

Petitioner's Submission

6.52 The Hon'ble Commission in its MYT Order dated 25th April, 2013 approved Rs. 305.65 Cr. as pass through expense on account of water usage charges payable to JKSPDC for FY 2014-15.

6.53 In addition to above, the Petitioner submitted that the NHPC has also raised the bills payable during the period under review on account of water usage charges amounting to Rs. 213.17 Cr. Thus, JKPDD-D has claimed pass through of water usage charges pertaining to JKSPDC and NHPC for FY 2013-14 as Rs. 436.20 Cr.

Commission's Analysis

6.54 The Commission vide its Order dated 25th April, 2013 approved the reimbursement of water usage charges payable by the Petitioner in FY 2014-15 in the light of the orders passed by the State Water Resource Regulatory Authority, Government of Jammu & Kashmir from time to time.

6.55 Accordingly, the Commission approves Rs. 305.65 Cr as pass through expense on account of water usage charges of JKSPDC for FY 2014-15 with the direction that the funds to discharge this liability will be provided to the Utility by the Government over and above the budgetary allocation for power purchase as claimed by the Petitioner.

6.56 In case of water usage charges payable for NHPC stations, the Commission directed the Petitioner to provide station-wise and monthly details of arrears of water usage charges payable to NHPC stations for the past years. The Petitioner failed to provide the requisite data. The Commission provisionally approves the water usage charges of NHPC as approved in the last year's Order dated 24th June, 2014 i.e. Rs. 130.55 Cr for FY 2014-15.

6.57 Thus, total water usage charges approved by the Commission during FY 2014-15 works out to Rs. 436.20 Cr with the direction that the funds to discharge this liability will be provided to the utility by the Government over and above the budgetary allocation for power purchase as claimed by the Petitioner.

Operation & Maintenance (O&M) Expenses

Petitioner's Submission

6.58 The Petitioner submitted that the Operation and Maintenance (O&M) expenses comprise of employee expenses, Repair & Maintenance (R&M) expenses and Administrative & General (A&G) expenses.

6.59 The revised estimates of O&M expenses as per the State Budgetary approval for FY 2014-15 is summarized in the following table:

Table 61: O&M Expenses for FY 2014-15 (Rs. Cr)

Particulars	Approved by JKSERC in MYT Order dated 25.04.2013	Submitted by Petitioner in last year's Review Petition	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Revised Estimates now
Employee Expenses	410.63	502.77	442.00	474.53
Admin & General Expenses	21.60	22.22	23.79	34.63
R&M Expenses	41.19	31.25	38.98	34.37
Total	**473.42**	**556.24**	**504.76**	**543.53**

Commission's Analysis

6.60 The O&M expenses for the FY 2014-15 are approved by the Commission in accordance with Regulation 22 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 and methodology approved in MYT Order dated 25th April, 2013. Accordingly, the Commission has approved separate norms for each of the components of O&M expenses viz., Employee cost, R&M expense and A&G expense.

Employee expenses

6.61 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

6.62 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 for the MYT period which works out to be Rs.2.60 lakh per employee. The following table summarises the computation of norm for employee cost.

Table 62: 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**	

6.63 This EMP_b is then escalated by average CPI index for previous three years worked out to be 8.80% per annum to arrive at EMP_n without adjustment for provisions. This is then multiplied by number of employees during FY 2014-15 to arrive at employee cost for FY 2014-15. The number of employees for FY 2014-15 has been considered based on actual employees for FY 2013-14 as per the JKPDD’s year book for the year. Further, the provision for 6th Pay Commission arrears is allowed as pass through during the MYT period in the ratio allocated to distribution business. Accordingly, 87% of the cost pertaining to 6th Pay Commission arrears of Rs.42.81 Cr had been allocated to distribution business for MYT period which works out to Rs.37.38 Cr.

6.64 Based on above, the approved employee expenses for FY 2014-15 have been summarised in following table.

Table 63: Approved employee expenses for FY 2014-15 (Rs Cr)

Description	Units	Norm	2014-15
EMP_b (A)	Rs Cr/employee	0.026	
CPI Inflation rate (B)	%	8.80%	
Number of employees (C)	No.		14,062
EMP_n (D = A * B)	Rs Cr/employee		0.030
Employee Expenses without provisions (E = C * D)	**Rs Cr**		**426.24**
Arrears for 6^{th} Pay Commission	Rs Cr		42.81
Allocated to Distribution (87% of total) (F)	*Rs Cr*		*37.38*
Employee expenses with provisions (G = E + F)	**Rs Cr**		**463.62**

A&G expenses

6.65 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:

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

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

6.66 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 64: 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**	

6.67 This $A\&G_b$ is then escalated by average WPI index for previous three years worked out to 5.13% 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.

6.68 The number of employees is subject to True-Up on basis of actual bifurcated number of employees for Distribution business of JKPDD-D for FY 2014-15. Based on above, the approved A&G expenses for FY 2014-15 have been summarised in following table.

Table 65: Approved A&G Expenses for FY 2014-15 (Rs Cr)

Description	Units	Norm	2014-15
$A\&G_b$ (A)	**Rs Cr/employee**	**0.002**	
WPI Inflation rate (B)	%	**5.13%**	
Number of employees (C)	No.		14,062
$A\&G_n$ (D = A * B)	**Rs Cr/ employee**		0.0017
A&G Costs (E = C * D)	**Rs Cr**		**24.32**

R&M Expenses

6.69 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:

$$\mathbf{R\&M_n = K_b * GFA_n}$$

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

6.70 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-D 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.

6.71 Based on above, proportion of R&M costs to opening GFA for FY 2010-11 and FY 2011-12 works out to 1.39% & 1.29%, respectively. Thus 'Kb' is determined as average of previous year's ratios i.e. 1.34% of opening GFA for year 'n'.

6.72 The determination of norm for R&M cost (i.e. K factor) has been summarised in following table.

Table 66: 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%**	

6.73 The normative 'K_b' factor is then multiplied by the approved opening GFA for FY 2014-15 which is the closing GFA of FY 2013-14 as approved in this Order earlier. The approved R&M costs for the MYT period have been summarised below.

Table 67: Approved R&M Expenses for FY 2014-15 (Rs Cr)

Description	Units	Norm	2014-15
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		2,629.08
Approved R&M costs	**Rs Cr**		**35.13**

6.74 The following table summarizes the O&M cost as proposed by the Petitioner and as approved by the Commission for FY 2014-15:

Table 68: Projected and approved O&M Expenses for FY 2014-15 (Rs. Cr)

Particulars	Approved in MYT Order dated 25.04.2013	Approved by JKSERC in last year's Tariff Order dated 24.06.2014	Submitted now by Petitioner	Approved now by JKSERC
Employee Expenses	410.63	442.00	474.53	463.62
Admin & General Expenses	21.60	23.79	34.63	24.32
R&M Expenses	41.19	38.98	34.37	35.13
Total	**473.42**	**504.76**	**543.53**	**523.06**

Capital expenditure and Capitalization

Petitioner's Submission

6.75 The JKPDD has submitted that it drafts an Annual Plan each year for the capital investment for new schemes and continuing schemes which it plans to incur in the ensuing year. The revised capital investment plan for various schemes for FY 2014-15 is summarised in the following table:

Table 69: Revised capital investment for FY 2014-15 as submitted by Petitioner (Rs Cr)

Particulars	App. in MYT Order	Approved in last year's Order	Revised Estimates now
RGGVY Projects	0.00	0.00	10.40
PMRP Projects	0.00	0.00	0.00
R-APDRP Projects	800.00	800.00	73.74
New Distribution Works	81.49	81.49	34.15
REC Funded Projects	50.00	50.00	7.94
Others	44.84	44.84	0.00
Metering as per Order dated 21st April, 2014	-	99.31	0.00
Total	**976.33**	**1075.64**	**126.23**

6.76 The JKPDD has submitted that assets valuing Rs. 128.22 Crore were to be capitalized during FY 2014-15 which also included the capitalization of the ongoing schemes of FY 2013-14.

Commission's Analysis

6.77 The Petitioner was directed by the Commission to submit certified information on capital investment for FY 2013-14 to FY 2015-16 duly authenticated by the Power Development Department, GoJK. However, the Petitioner failed to provide the same.

6.78 Moreover, the Commission observed discrepancies in the capital expenditure figures submitted in the Petition and those submitted in the distribution formats. Thus, in absence of certified information, the Commission has provisionally approved capital expenditure as well as the capitalisation based on the scheme-wise details submitted in the distribution formats along with the Petition.

6.79 The Commission directs the Petitioner to submit certified information on capital investment for FY 2014-15 duly authenticated by Power Development Department, GoJK along with the True-Up Petition for FY 2014-15.

6.80 The details of approved capital investment for FY 2014-15 are provided in the table below:

Table 70: Approved capital investment for FY 2014-15 (Rs Cr)

Particulars	App. in MYT Order	Approved in last year's Order	Revised Estimates now	Approved by the Commission
RGGVY Projects	0.00	0.00	10.40	10.40
PMRP Projects	0.00	0.00	0.00	0.00
R-APDRP Projects	800.00	800.00	73.74	73.74
New Distribution Works	81.49	81.49	34.15	21.92
REC Funded Projects	50.00	50.00	7.94	0.00
Others	44.84	44.84	0.00	0.00
Metering as per Order dated 21st April, 2014	-	99.31	0.00	0.00
Total	**976.33**	**1075.64**	**126.23**	**106.06**

Table 71: Approved capitalisation for FY 2014-15 (Rs Cr)

Particulars	App. in MYT Order	Approved in last year's Order	Revised Estimates now	Approved by the Commission
RGGVY Projects	87.11	87.11	57.81	57.81
PMRP Projects	0.00	0.00	0.00	0.00
R-APDRP Projects	552.28	552.28	29.50	29.50
New Distribution Works	56.26	56.26	26.12	26.12
REC Funded Projects	34.52	34.52	6.03	6.03
Others	30.96	30.96	8.77	8.77
Total	**761.13**	**761.13**	**128.22**	**128.22**

Gross Fixed Assets (GFA)

Petitioner's Submission

6.81 The Petitioner submitted that based on the closing GFA of FY 2013-14 and the actual capitalisation during FY 2014-15, it has estimated the closing GFA of FY 2014-15 as summarised in the following table:

Table 72: Revised estimates of GFA for FY 2014-15 (Rs. Cr)

Particulars	App. In MYT Order	Sub. By Petitioner in last year's review Petition	Approved by Commission in last year's Tariff Order dated 24.06.2014	Revised Estimates now
Opening Balance	3,083.25	5,118.51	2,917.22	2,629.08
Addition during the year	761.13	935.00	761.13	128.22
Closing Balance	**3,844.38**	**6,053.51**	**3,678.35**	**2,757.30**

Commission's Analysis

6.82 The closing GFA of FY 2013-14 as approved by the Commission in this Order has been considered as opening GFA for FY 2014-15.

6.83 Based on the approved opening GFA and the approved capitalization for FY 2014-15, the Commission approves Rs. 2757.30 Cr as closing GFA for FY 2014-15.

6.84 The following table summarizes opening GFA, assets capitalized and closing GFA for FY 2014-15 as submitted by Petitioner and provisionally approved by the Commission subject to the submission of audited statements at the time of true up:

Table 73: Provisionally approved GFA for FY 2014-15 (Rs. Cr)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Opening Balance	2,629.08	2,629.08
Addition during the year	128.22	128.22

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Closing Balance	**2,757.30**	**2,757.30**

Depreciation

Petitioner's Submission

6.85 The JKPDD-D has estimated depreciation on closing GFA for FY 2014-15 which is funded through REC loan only. The Petitioner has applied the average depreciation rate of 3.6% on the closing GFA to estimate the depreciation for FY 2014-15 which works out to Rs. 6.15 Cr.

Commission's Analysis

6.86 The Regulation 24 (b) of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012 provides that depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants. However as details of segregated assets into transmission and distribution functions of the utility and the financing of GFA for distribution business have not been submitted separately, the Commission has approved the depreciation on the assets funded by loan from REC only which is in accordance with the methodology approved by the Commission in MYT Order dated 25th April, 2013.

6.87 With regard to rate of depreciation, 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 MYT Order dated 25th April, 2013.

6.88 The Commission has calculated the depreciation on the average GFA during the year and not on the closing GFA as calculated by the Petitioner as the additions to the GFA take place throughout the year and the average of the opening and closing GFA gives a more realistic view.

6.89 The depreciation cost as approved in previous MYT Order, projected now by Petitioner and provisionally approved now by the Commission subject to the submission of audited accounts at the time of True–Up for FY 2014-15 has been summarized in following table:

Table 74: Provisionally approved depreciation charges for FY 2014-15 (Rs Cr)

Particulars	App. In MYT Order	Sub. By Petitioner in last year's review Petition	Approved by Commission in last year's Tariff Order dated 24.06.2014	Revised Estimates now	Approved now by Commission
Opening GFA	202.73	184.00	184.00	166.94	162.17
Additions to GFA	34.52	935.00	34.52	7.94	6.03
Closing GFA	**237.25**	**1,119.00**	**218.52**	**174.87**	**168.21**
Average GFA	**219.99**	**651.50**	**201.26**	**170.91**	**165.19**
Depreciation Rate	3.60%	3.60%	3.60%	3.60%	3.60%

Particulars	App. In MYT Order	Sub. By Petitioner in last year's review Petition	Approved by Commission in last year's Tariff Order dated 24.06.2014	Revised Estimates now	Approved now by Commission
Total	**7.92**	**40.28**	**7.25**	**6.15**	**5.95**

Interest and Finance Charges

Interest on Loans

Petitioner's Submission

6.90 Based on the actual loan balance, receipts and repayments during FY 2013-14 and the interest rate of 9.39% as applied by the Commission in MYT Order, the Petitioner has estimated interest and finance charges as Rs. 14.87 Cr for FY 2014-15.

Commission's Analysis

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

(a) The opening balance of term liabilities as on 1st April, 2014 has been considered as per the closing balance of the term liabilities on 31st March, 2014 as approved by the Commission in this Order.

(b) Additions in loan during the year have been considered as per approved capitalization for REC funded projects i.e. Rs. 6.03 Cr.

(c) Regarding of repayment of loan during the year, the Commission had asked the Utility to submit proofs of actual loan addition and repayments during FY 2014-15. In reply, the Petitioner submitted that it had repaid the loan amounting to Rs 15.55 Cr during the FY 2014-15. Accordingly, the Commission has considered Rs 15.55 Cr as loan repaid during the year.

(d) Rate of interest has been considered as 9.39% and is the same as considered in the MYT Order dated 25th April, 2013.

6.92 The Commission has calculated the interest on the average loan balance during the year and not on the closing loan balance as calculated by the Petitioner as the receipts and repayments take place throughout the year and the average of the opening and closing loan balance gives a more realistic view.

6.93 Based on the above approach, the following table summarizes the interest and finance charges approved in previous MYT Order, submitted now by Petitioner and provisionally approved now by the Commission for FY 2014-15 subject to submission of audited accounts at the time of true-up.

Table 75: Provisionally approved Interest and Finance Charges for FY 2014-15 (Rs. Cr)

Particulars	Approved in MYT Order	Approved in last year's Order	Submitted now by Petitioner	Approved now by JKSERC
Opening loan balance (REC funded projects only)	183.48	171.91	158.59	146.99
Additions during the year (REC funded projects only)	34.52	34.52	7.94	6.03
Actual Repayments during the year	11.00	13.00	8.33	15.55
Closing Loan balance	**207.00**	**193.47**	**156.30**	**137.48**
Average Loan Balance	**195.24**	**182.67**	**157.44**	**142.24**
Rate of interest (%)	9.39%	9.39%	9.39%	9.39%
Interest on Term Loans	**18.33**	**17.15**	**14.78**	**13.36**

Interest on Working Capital

6.94 The Petitioner submitted that it has claimed normative interest on working capital for the MYT control period as per the relevant provisions of the JKSERC (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

6.95 The interest on working capital has been considered at normative interest rate of 14.75%. Accordingly, the Petitioner has projected interest on normative working capital for FY 2014-15 as Rs. 59.82 Cr.

Commission's Analysis

6.96 The Commission has estimated the interest on normative working capital as per Regulation 26 of the JKSERC (Multi Year Tariff Distribution) Regulations, 2012. Accordingly, the normative working capital requirements for FY 2014-15 has 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.

6.97 Further, as per the Regulation, the rate of interest for computation of interest on normative working capital shall be considered equal to the J&K Bank Advance Rate as on date on which the Petition for determination of tariff is accepted by the

Commission. Accordingly, the Commission has considered interest rate for working capital as equivalent to J&K Bank Advance rate i.e. 14.75% for computation of interest on working capital for FY 2014-15.

6.98 Accordingly, the Commission approves the interest on normative working capital for FY 2014-15 as Rs.58.23 Cr. The interest on normative working capital as approved in the MYT Order, last year's Order, submitted now by Petitioner and approved now by the Commission for FY 2014-15 has been summarized in following table.

Table 76: Approved Interest on Working Capital for FY 2014-15 (in Rs. Cr.)

Particulars	Approved in MYT Order	Approved in last year's Order	Submitted now by Petitioner	Approved now by JKSERC
O & M Expenses for one month	39.45	42.06	45.29	43.59
Expected Revenue for two months	304.29	350.02	359.09	375.88*
Maintenance Spares @ 40% of R&M expenses for one month	1.37	1.30	1.15	1.17
Normative Working Capital	**345.11**	**393.38**	**405.53**	**420.64**
Rate of Interest	15.00%	14.75%	14.75%	14.75%
Interest on Working Capital	**51.77**	**58.02**	**59.82**	**62.04**

** Revenue for two months is higher than that submitted by Petitioner as revenue at existing tariffs based on approved number of consumers, connected load, energy sales and existing tariffs has been computed and approved as Rs. 2255.27 Cr against revenue of Rs 2154.52 Cr submitted by Petitioner.*

Return on Equity

Petitioner's Submission

6.99 The JKSERC MYT Regulations, 2012, has approved pre-tax rate of reasonable return of 15.5% for Distribution Company. JKPDD-D does not have any normative equity as the entire capital expenditure has been funded by way of grants, except for a small portion of term debt. Further, the capital expenditure proposed in the MYT period is expected to be totally funded by way of Grants from GoJK or GoI. Hence, the Petitioner has not claimed any return on equity for FY 2014-15.

Commission's Analysis

6.100 The Commission accepts the submission made by the Petitioner and has not approved any return on equity for FY 2014-15.

Non-tariff Income

Petitioner's Submission

6.101 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.). The Petitioner has computed non-tariff income for FY 2014-15 by escalating non-tariff income for FY 2013-14 by 5% which works out to be Rs 14.79 Cr.

Commission's Analysis

6.102 The Commission accepts the submission made by the Petitioner and provisionally approves non-tariff income for FY 2014-15 at Rs. 14.79 Cr. However, this is subject to true up based on audited accounts for the year.

Intra-state transmission charges

Petitioner's Submission

6.103 The Intra-state transmission charges for FY 2014-15 have been considered as per the ARR approved for the transmission business of JKPDD for FY 2014-15 i.e. Rs 89.37 Cr.

Commission's Analysis

6.104 The Commission has considered the intra-state transmission charges as per the ARR approved in the APR Order for FY 2014-15 for JKPDD-Transmission business dated 28th February, 2015. Accordingly, the intra-state transmission charges for FY 2014-15 have been approved as Rs. 89.37 Cr.

Sharing of aggregate gains/losses

Petitioner's Submission

6.105 The Petitioner in its APR Petition for FY 2014-15 has not made any claim for sharing of aggregate gains/ losses on account of AT&C losses being controllable in nature as per the JKSERC (Multi Year Distribution Tariff) Regulations, 2012.

Commission's Analysis

6.106 The Regulation 11.2 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012, provides for sharing of gains/ losses on account of controllable factors of Aggregate AT&C loses as follows:

"11.2 The approved aggregate loss to the Distribution Licensee on account of controllable factor of aggregate technical and commercial (AT&C) losses shall be dealt with in the following manner:

(a) One-third of the amount of such loss may be passed on as an additional charge in tariff over such period as may be stipulated in the Order of the Commission; and

(b) The balance amount of loss shall be absorbed by the Distribution Licensee."

6.107 However, Regulation 8.2, as amended as per Commission's Order dated 2nd July, 2013, states that any truing up of expenses shall be done on basis of audited accounts only. The relevant Regulation has been reproduced as follows:

"Provided that truing up of expenses for any year shall be carried out on the basis of the audited annual accounts for the year subject to prudence check by the Commission."

6.108 Thus, in absence of established/ authenticated baseline data and audited accounts for the year, it is not in the fitness of things to estimate sharing of gains and losses on basis of provisional accounts as part of review exercise. Thus, the Commission has not considered any sharing of gains/ losses on account of controllable factors and same will be considered at the time of True-Up based on audited accounts for the year.

Aggregate Revenue Requirement (ARR) for FY 2014-15

6.109 Based on the various components as discussed above, the summary of ARR for the FY 2014-15 as submitted by the Petitioner and as approved by the Commission has been summarized in the following table

Table 77: Summary of ARR for FY 2014-15 (Cr)

Aggregate Revenue Requirement	App. In MYT Order	Sub. by Petitioner in last year's review Petition	Approved by Commission in last year's Tariff Order dated 24.06.2014	Revised Estimates now	Approved now by Commission
Costs					
Power Purchase Cost	3,180.05	4,011.43	3,900.87	4,382.02	3,837.45
Water usage charges (JKSPDC+NHPC).	305.65	505.65	436.20	518.82	436.20
Intra-state transmission Charges	128.11	128.11	113.49	89.37	89.37
Operation and Maintenance Cost	473.42	556.24	504.76	543.53	523.06
Interest Cost	18.33	18.16	17.15	14.87	13.36
Depreciation	7.92	40.28	7.25	6.15	5.95
Interest on Working Capital	51.77	58.97	58.02	59.82	62.04
Total Costs	**4,165.24**	**5,318.77**	**5,037.74**	**5,614.58**	**4,967.43**
Add: Return on Equity	0.00	0.00	0.00	0.00	0.00
Less: Non-Tariff Income	14.80	14.80	14.80	14.79	14.79
Aggregate Revenue Requirement	**4,150.44**	**5,303.97**	**5,022.94**	**5,599.79**	**4,952.64**

Revenue from Sale of Power at Existing Tariffs

Petitioner's Submission

6.110 Based on the energy sales, number of consumers and connected load based for the period under review and the category-wise approved tariffs as per the Order for FY 2014-15 dated 24th June, 2014, the revenue assessed at the existing tariff by the Petitioner for FY 2014-15 works out to Rs. 2,154.52 Cr.

Commission's Analysis

6.111 The Commission has computed the revenue from sale of power at existing tariffs for FY 2014-15 based on the approved number of consumers, connected load, energy sales as per this Order and existing tariffs as per the Order dated 24th June, 2014.

6.112 Accordingly, the Commission has now determined the revenue realization for FY 2014-15 as Rs. 2,255.27 Cr instead of Rs 2,154.52 Cr as submitted by the Petitioner as summarized in the following table:

Table 78: Revenue from sale of power at existing tariffs for FY 2014-15 (Rs Cr)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Domestic	657.07	652.89
Non-Domestic/Commercial	241.72	239.65
Agriculture	99.03	114.65
State/ Central Govt. Department	390.85	381.27
Public Street Lighting	18.07	18.07
LT Industrial Supply	115.85	115.44
HT Industrial Supply	271.49	334.28
HT-PIU Industrial Supply	43.48	53.45
LT Public Water Works	170.35	170.35
HT Public Water Works	73.30	84.93
General Purpose Bulk	73.31	90.28
Total	**2,154.52**	**2,255.27**

Revenue Gap

Petitioner's Submission

6.113 Based on the revised estimates of ARR for FY 2014-15 i.e. Rs. 5,599.78 Cr and assessed revenue realization for FY 2014-15 i.e. Rs. 2,154.52 Cr, the Petitioner has estimated revenue gap at existing tariffs for FY 2014-15 to be Rs. 3,445.27 Cr.

Commission's Analysis

6.114 Based on the approved ARR as well as approved revenue assessed for FY 2014-15, the Commission has provisionally determined revenue gap for FY 2014-15 as summarized in the following table:

Table 79: Approved revenue gap at existing tariffs for FY 2014-15 (Rs Cr)

Sl. No.	Particulars	Approved in MYT Order	Approved in last year's Order	Submitted now by Petitioner	Approved now by JKSERC
1	Aggregate Revenue Requirement.	4150.44	5,022.94	5,599.79	4,952.64
2	Revenue Assessed	1825.72	2,100.11	2,154.52	2,255.27
3	**Revenue Gap**	**(2,324.72)**	**(2,922.84)**	**(3,445.27)**	**(2,697.37)**

6.115 Further, as per the approach adopted by the Commission for cost coverage in its previous Tariff Orders, the Commission has determined Average Cost of Supply at Approved Loss Level ($ACOS_{AL}$) to measure approved cost of supply keeping in mind approved losses, Average Cost of Supply at Zero Loss level ($ACOS_{ZL}$) to determine tariffs to recover atleast power purchase and other distribution costs without booking huge losses simply to avoid tariff shock to consumers and Average Cost of Supply at Prudent Loss level ($ACOS_{PL}$) to determine gradual movement towards recovery of average cost of supply at targeted/ prudent loss levels.

6.116 For computation of average cost of supply at different loss levels, the Commission considered the following:

(a) **Average Cost of Supply at Approved Loss ($ACOS_{AL}$):** The Commission has calculated the $ACOS_{AL}$ by dividing the overall ARR of the utility by the approved energy sales quantum (units) for the corresponding financial year.

(b) **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 the corresponding financial year.

(c) **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.

(d) **Prudent level of T&D losses:** The Commission has considered T&D losses of 23.65% 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.

6.117 It is also pertinent to mention here, that even though the Commission determines

$ACOS_{PL}$ i.e. average cost of supply at prudent loss levels, it is a benchmark figure aimed to move tariffs in direction of cost recovery; however same has to be matched by performance and efficiency improvement by the JKPDD-D. At present, the tariffs in the State are fixed to recover ACOS at Zero Losses only.

6.118 The following table summarizes $ACOS_{AL}$, $ACOS_{ZL}$ and $ACOS_{PL}$ as approved by the Commission in the MYT Order, approved in the last year's Order, proposed now by the Petitioner and approved now by the Commission for FY 2014-15:

Table 80: Approved average COS for FY 2014-15 (Rs/KWh)

Sl. No.	Particulars	Derivation	Approved in MYT Order	Approved in last year's Order	Submitted now by Petitioner	Approved now by JKSERC
A	Energy Sales (MU)	-	5,767	6,504	6,474	6,474
B	T&D Losses (%)	-	43.76%	43.76%	49.12%	43.76%
C	Power Purchase Quantum (MU)	-	10,254	11,565	12,724	11,511
D	Aggregate Revenue Requirement (Rs Cr)	-	4,150.44	5,022.94	5,599.79	4,952.64
E	**COS as actual / approved losses (CoS_{AL}) (Rs/KWh)**	**[E = D/ A* 10]**	**7.20**	**7.72**	**8.65**	**7.65**
F	**CoS at Zero Losses (CoS_{ZL}) (Rs/KWh)**	**[F = D / C* 10]**	**4.05**	**4.34**	**4.40**	**4.30**
G	**CoS at Prudent Losses (CoS_{PL}) (Rs/KWh)**	**[G = D/ (C* (1-H)) *10]**	**5.30**	**5.69**	-	**5.64**
H	Approved average realization rate	-	3.17	3.23	3.33	3.48

Note 1: The prudent loss level for FY 2014-15 is considered as 23.65% (as per monthly statistics by CEA, www.cea.nic.in)

CHAPTER 7: DETERMINATION OF ARR FOR FY 2015-16

7.1 This section contains a summary of projections made for revised ARR for FY 2015-16 and approval of costs and revenue for FY 2015-16.

Sales Projections

Petitioners Submission

7.2 The projections have been made on the basis of revised estimates of the FY 2014-15 and the cumulative annual growth rate CAGR for consumer growth, connected load growth and sale of energy across the various categories.

Table 81: Projected number of consumers, connected load (MW) & energy sales (MU) for FY 2015-16

S. No	Consumer Category	No of Consumers	Connected Load (MW)	Energy Sales (MU)
1	Domestic			
	- *Metered*	1538017	1546	3020
	- *Unmetered*	0	0	0
2	Non Domestic / Commercial			
	- *Metered*	197705	229	788
	- *Unmetered*	0	0	0
3	Agriculture/Irrigation.			
	- *Metered*	20158	159	312
	- *Unmetered*	0	0	0
4	State / Central Govt. Departments.			
	- *Metered*	11320	225	639
	- *Unmetered*	0	0	0
5	Public Street Lighting			
	- *Metered*	271	12	48
	- *Unmetered*	0	0	0
6	LT industrial Supply			
	- *Metered*	20932	271	365
	- *Unmetered*	0	0	0
7	HT Industrial Supply			
	- *Metered*	785	357	959
	- *Unmetered*	0	0	0
8	HT-PIU Industrial Supply			
	- *Metered*	14	35	123
	- *Unmetered*	0	0	0
9	LT Public Water Works			
	- *Metered*	2484	111	437
	- *Unmetered*	0	0	0
10	HT Public Water Works			
	- *Metered*	265	29	175
	- *Unmetered*	0	0	0
11	General Purpose / Bulk Supply			
	- *Metered*	158	65	183
	- *Unmetered*	0	0	0
Grand Total		**1792109**	**3,149**	**7,047**

Commissions Analysis

7.3 On scrutiny of the projections of the category wise number of consumers submitted by the Petitioner, the Commission found that the data submitted by the Petitioner was consistent with the revised metering plan submitted by the Petitioner and adopted by the Commission vide its Suo-moto Order dated 21st April, 2014. The Commission is also aware that the Petitioner is making efforts to regularize unauthorized consumers. Thus, the Commission provisionally approves the number of consumers, connected load and energy sales for un-metered consumers as per the submission made by the Petitioner. The Commission clarifies that no True-Up shall be allowed in the absence of reliable, verified and audited data.

7.4 The category wise number of consumers, connected load and sales with respect to metered consumers have been revised based on the category wise compounded annual growth rates (CAGR) for previous three years and applied on estimated consumers, connected load and energy sales for FY 2014-15. Further the unmetered consumers proposed to be metered during the year i.e. FY 2015-16 has also been added to the metered category along with the projected connected load and energy sales.

7.5 It is clarified that the Commission has maintained the methodology of forecast of these parameters as per the MYT Order dated 25th April, 2013 in order to facilitate consistency and predictability as envisaged in MYT regime.

7.6 Accordingly, the number of consumers, connected load and energy sales as submitted by the Petitioner and approved by the Commission for FY 2015-16 have been summarized in following tables:

Table 82: Consumer category-wise number consumers (Nos.) approved for FY 2015-16

S. No	Consumer Category	Submitted now by Petitioner	Approved now by JKSERC
1.	Domestic		
	- Metered	1,538,017	1,538,017
	- Unmetered	0	0
2.	Non Domestic / Commercial		
	- Metered	197705	197705
	- Unmetered	0	0
3.	Agriculture/Irrigation.		
	- Metered	20158	20158
	- Unmetered	0	0
4.	State / Central Govt. Departments.		
	- Metered	11320	11320
	- Unmetered	0	0
5.	Public Street Lighting		
	- Metered	271	271
	- Unmetered	0	0

S. No	Consumer Category	Submitted now by Petitioner	Approved now by JKSERC
6.	LT industrial Supply		
	- Metered	20932	20932
	- Unmetered	0	0
7.	HT Industrial Supply		
	- Metered	785	785
	- Unmetered	0	0
8.	HT-PIU Industrial Supply		
	- Metered	14	13
	- Unmetered	0	0
9.	LT Public Water Works		
	- Metered	2484	2484
	- Unmetered	0	0
10.	HT Public Water Works		
	- Metered	265	265
	- Unmetered	0	0
11.	General Purpose / Bulk Supply		
	- Metered	158	158
	- Unmetered	0	0
	Grand Total	**1792109**	**1792108**

Table 83: Consumer category-wise connected load (MW) approved for FY 2015-16

S. No	Consumer Category	Submitted now by Petitioner	Approved now by JKSERC
1.	Domestic		
	- Metered	1,546	1,546
	- Unmetered	0	0
2.	Non Domestic / Commercial		
	- Metered	339	339
	- Unmetered	0	0
3.	Agriculture/Irrigation.		
	- Metered	159	159
	- Unmetered	0	0
4.	State / Central Govt. Departments.		
	- Metered	225	225
	- Unmetered	0	0
5.	Public Street Lighting		
	- Metered	12	12
	- Unmetered	0	0
6.	LT industrial Supply		
	- Metered	271	271
	- Unmetered	0	0

S. No	Consumer Category	Submitted now by Petitioner	Approved now by JKSERC
7.	HT Industrial Supply		
	- Metered	357	357
	- Unmetered	0	0
8.	HT-PIU Industrial Supply		
	- Metered	35	33
	- Unmetered	0	0
9.	LT Public Water Works		
	- Metered	111	111
	- Unmetered	0	0
10.	HT Public Water Works		
	- Metered	29	29
	- Unmetered	0	0
11.	General Purpose / Bulk Supply		
	- Metered	65	65
	- Unmetered	0	0
	Grand Total	**3,149**	**3,147**

Table 84: Consumer category-wise energy sales (MU) approved for FY 2015-16

S. No	Consumer Category	Submitted now by Petitioner	Approved now by JKSERC
1.	Domestic		
	- Metered	3020	3124
	- Unmetered	0	0
2.	Non Domestic / Commercial		
	- Metered	788	815
	- Unmetered	0	0
3.	Agriculture/Irrigation.		
	- Metered	312	322
	- Unmetered	0	0
4.	State / Central Govt. Departments.		
	- Metered	639	660
	- Unmetered	0	0
5.	Public Street Lighting		
	- Metered	48	49
	- Unmetered	0	0
6.	LT industrial Supply		
	- Metered	365	377
	- Unmetered	0	0
7.	HT Industrial Supply		
	- Metered	959	992

S. No	Consumer Category	Submitted now by Petitioner	Approved now by JKSERC
	- Unmetered	0	0
8.	HT-PIU Industrial Supply		
	- Metered	123	127
	- Unmetered	0	0
9.	LT Public Water Works		
	- Metered	437	452
	- Unmetered	0	0
10.	HT Public Water Works		
	- Metered	175	181
	- Unmetered	0	0
11.	General Purpose / Bulk Supply		
	- Metered	183	190
	- Unmetered	0	0
	Grand Total	**7,047**	**7,289**

Losses and Energy Requirement

Petitioners Submission

7.7 JKPDD has submitted that it is making every effort to achieve the loss reduction target as set by the Commission at the end of the control period. It has projected the distribution loss for FY 2015-16 on the basis of revised estimates of loss for FY 2014-15 and the past trend in the loss reduction.

Table 85: Projected transmission & distribution Loss for FY 2015-16 (%)

Particulars	Submitted now by Petitioner
Distribution Loss (%)	43.0%
Intra-State Transmission Loss (%)	4%

Commissions Analysis

7.8 The T&D losses of the Petitioner are much higher than the neighboring states and continue to remain amongst the highest in the country.

7.9 The trajectory for T&D losses for the duration of MYT period had been set after giving due consideration to the prevailing scenario in the State, the capital investments approved, vigilance measures envisaged and also the Petitioner's submission. It is a matter of great concern that the Petitioner has still not been able to bring about the reduction in T&D losses as per the approved trajectory.

7.10 Further, the consumers cannot be made to bear the burden of the non-performance of the Petitioner with respect to the T&D loss levels of its system. Therefore, in accordance with the principles adopted in previous Tariff Orders and MYT principles, the Commission does not find any merit in allowing a deviation from the approved loss trajectory. Thus, any power purchase to meet energy requirement beyond approved T&D losses is disallowed by the Commission.

7.11 For FY 2015-16, the Commission had set a target for T&D losses of 42.26% in the MYT Order for FY 2015-16 (corresponding to target of distribution loss of 40.00% and intra-state transmission loss of 4%) and same is approved now.

Table 86: Approved T&D Loss for FY 2015-16 (%)

Particulars	Submitted now by Petitioner	Approved now by Commission
Distribution Loss (%)	43.0%	40.0%
Intra-State Transmission Loss (%)	4%	4%

7.12 Based on its projected energy sales and loss trajectory, the energy requirement for the FY 2015-16 as approved in the MYT Order, forecasted and submitted now by the Petitioner and as approved now by the Commission has been summarized in following table:

Table 87: Approved energy requirement for FY 2015-16

Particulars	Approved in MYT Order	Submitted now by Petitioner	Approved now by Commission
Energy requirement			
Energy Sales	6,526	7,047	7,289
Add: Distribution Loss (%)	40%	43.0%	40%
Distribution Loss (MU)	4,325	5,316	4,830
Energy Req. @ Dist. Periphery	**10,851**	**12,364**	**12,119**
Add: Intra-state Trans. Loss (%)	4%	4%	4%
Intra-state Trans. Loss (MU)	452	515	505
Energy Req. @ Trans. Periphery	**11,303**	**12,879**	**12,624**

Power Purchase Quantum

Petitioner's Submission

7.13 The Petitioner has projected the energy availability for FY 2015-16 from JKSPDC, CGSs and other sources on the basis of revised estimates of FY 2014-15 and as per share of allocated and unallocated power from state and CGSs for the period.

7.14 Also, to meet the gap between the total energy available from the sources referred above and the energy required during the period, the JKPDD-D shall purchase balance power on short term basis in accordance with the Regulation 19(d) of the JKSERC (Distribution Multi Year Tariff) Regulation 2012.

Table 88: Projected energy availability from JKSPDC generating stations (MU)

S. No.	Source	FY 2015-16 Projected
A)	**Thermal**	
1	Kalakote	0.00
2	Gas Turbine-I	0
3	Gas Turbine-II	0
	Sub-Total (A)	**0**
B)	**Hydel**	
1	LJHP	552
2	USHP-I	75
3	USHP-II	279
4	Ganderbal	19
5	Chenani-I	72
6	Chenani-II	6
7	Chenani-III	6
8	Sewa-III	0
9	Karnah	6
10	Sumoor	0
11	Bazgo	0
12	Hunder	1
13	Iqbal Bridge	4
14	Sanjak	0
15	Badherwah	2
16	Pahalgam	7
17	Haftal	1
18	Marpacho	1
19	Igo-Mercellong	1
20	Matchil	0
21	Stakna.	0
	Sub-Total (B)	**1032**
C	**Baglihar.**	**1399**
	Sub-Total (C)	**2430**

Table 89: Projected Energy available from CGSs (MU)

S. No	Source	FY2015-16 Projected
A	**NTPC**	
1	Anta(G)	181
2	Anta(LNG+L)	
3	Auriaya(G)	151
4	Auriaya(LNG+L)	
5	Dadri(G)	234
6	Dadri(LNG+L)	
7	Unchahar-I	122
8	Unchahar-II	244

S. No	Source	FY2015-16 Projected
9	Unchahar-III	141
10	Rihand-I	540
11	Rihand-II	746
12	Rihand-III	438
13	Singrauli	152
14	Farraka	94
15	Talcher	0
16	Kahalgaon-I	215
17	Kahalgaon-II	576
18	Nctp-2	69
19	Korba-I	83
20	Korba-III	39
21	Mouda	52
22	Sipat-I	151
23	Sipat-II	56
24	Vindhyachal-I	69
25	Vindhyachal-2	52
26	Vindhyachal-3	60
27	Vindhyachal-4	67
	Sub-Total (A)	**4531**
B	**NHPC**	
1	Salal	748
	Free power	409
2	Tanakpur	21
3	Chamera-I	96
4	Chamera-II	132
5	Chamera-III	89
6	Uri-I	588
	Free power	328
7	Uri-II	239
	Free power	254
8	Dulhasti	41
	Free power	45
9	Dhauliganga	75
10	Sewa-II	58
	Free power	10
11	Nimao Bazgo	39
	Free power	24
12	Chutak	159
	Free power	172
13	Parbati III	54
	Sub-Total (B)	3582
C	**SJVNL**	**663**

S. No	Source	FY2015-16 Projected
D	**THDC**	**197**
E	**THDC Koteshwar**	**75**
F	**PTC India Ltd.**	
	PTC(Tala)	61
	PTC(BHEP)	431
	PTC (APL)	49
	Sub-Total (F)	**541**
G	**NPCIL**	
	NAPS	218
	RAPP 3&4	263
	RAPP 5&6	172
	TAPS 3&4	74
	KAPS	21
	Sub-Total (E)	**747**
H	**JHAJJAR**	**36**
Grand Total		**10,373**

Table 90: Projected details of Short term purchase (MU)

Name of Source	FY 2015-16 Projected
NVVN	-
IEX	446
Total	**446**

7.15 Based on the availability of power from different sources and the inter-state transmission losses, total power procurement during the review period to meet the energy requirement as proposed by the Petitioner has been summarized in the following table:

Table 91: Projected total energy availability (MU)

Energy Source	FY 2015-16 Projected
Purchase from CPSUs (all sources including short term/banking etc)	10,838.71
Less: Inter-state Transmission losses	(390.19)
Net energy available from CPSUs	10,448.52
Net energy availability/ Purchase from JKSPDC	2430
Total Energy Availability (MU) at Transmission Periphery	**12,879.02**

7.16 The Petitioner also submitted that it has estimated RPO target for FY 2015-16 as 979.27 MU out of which it will meet non-solar RPO of 200.88 MU from purchase of power from mini/small hydel stations of JKSPDC and 175.46 MU from IPPs. However, the Petitioner has not considered any purchase to meet remainder RPO in its projection for energy availability. The projected RPO target for FY 2015-16 as submitted by the Petitioner has been summarized below.

Table 92: Projected details of RPO FY 2015-16 (MU)

Renewable energy requirement	FY2015-16 Projected
Solar Power	195.84
Non-Solar	783.37
Total RE (MUs)	**979.27**
RE Available from Mini Hydel Plants	200.88
RE available from IPPs	175.46
Total RE available	**376.34**

Commissions Analysis

7.17 The JKPDD-D procures power from its own sources, state owned generating company namely JKSPDC, allocated/ unallocated share in CGSs, banking arrangement, short term purchase, UI and any other source.

7.18 For the projection of energy availability from JKPDD own station and JKSPDC thermal station, the Commission has considered the actual net energy generated and sent out in FY 2014-15 after considering prudence check on the basis of sample bills. Accordingly, the Commission approves the net energy available from own generating stations and JKSPDC to be 2460 MU for FY 2015-16.

7.19 The energy availability from CGS's stations including NTPC, NHPC, NPCIL, 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 2 years. The average availability from these stations has been worked out, which is then used to estimate the availability during the FY 2015-16. Accordingly, the Commission approves energy available from CGSs to be 10,373 MU for FY 2015-16.

7.20 The Commission has not projected any power availability from short-term sources since the Commission, in accordance with the Regulation 19(d) of the JKSERC (Distribution Multi Year Tariff) Regulation 2012, will approve such requirement on account of any factor beyond the control of the Licensee only such as shortage/ non-availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned/forced outages of power generating units or acts of God and after submission of supporting documents.

7.21 The RPO target in accordance with the JKSERC (Renewable Power Purchase Obligation, its Compliance and REC Framework implementation) Regulations, 2011 and JKSERC Notification No. 44/JKSERC of 2015 dated 5th August, 2015 is as follows:

Table 93: Renewable Purchase Obligation (RPO) for FY 2015-16

Description	2015-16
Solar	0.75%
Non-Solar	5.75%
Total	**6.50%**

7.22 As per the table above, the target for the power purchase from renewable sources works out to 821 MU, out of which the solar RPO target is 95 MU and non-solar RPO target is 726 MU. Since, non-solar RPO can be met through purchase of already tied up power from small hydro stations of JKSPDC having installed capacity < 25 MW and the projected power availability from JKSPDC's small hydro stations during FY 2015-16 is 201 MU, thus the requirement of non-solar power/ RECs to meet non-solar RPO is revised to 545 MU. Accordingly, the Commission approves the target of 525 MU of non-solar and 95 MU of solar RPO targets for FY 2015-16.

7.23 However, the Commission notes with concern that the Petitioner has failed to meet its RPO targets in the previous years. Moreover, for FY 2015-16, the Petitioner has projected compliance towards non-solar RPO only to the extent of 376.34 MUs only i.e. 200.88 MUs from mini hydel plants of JKSPDC and 175.46 MUs from IPPs. The Petitioner has even failed to submit how it proposes to meet its remaining RPO targets for FY 2015-16.

7.24 The Commission, while rejecting the contention of the Utility to account for the banked energy of IPPs towards RPO compliance, states that the role of the Utility for IPP's generation is only limited to the banking and wheeling of the energy which is sold by IPPs outside the State. The Petitioner needs to procure this energy for it to qualify for accounting towards RPO compliance.

7.25 Further, the Petitioner is directed to ensure that the RPO targets are met and for this purpose they should initiate timely action for inviting competitive bids for procurement of solar/ non-solar power or alternately purchase RECs. The Commission directs that the Petitioner should make all out efforts to meet RPO targets and any non-compliance shall invite penal action.

7.26 Moreover, during FY 2015-16, the quantum of energy available is in excess of the quantum of energy required as computed by the Commission at approved T&D losses, by 448 MUs. Therefore, this excess quantum of energy is assumed to be traded by the Petitioner.

7.27 Based on the above analysis and considering inter-state transmission losses at 3.60% for the period FY 2015-16, the approved energy availability from all sources has been summarized in the following table.

Table 94: Approved energy availability for FY 2015-16 (MU)

S. No	Particulars	Projected now by Petitioner	Approved now by Commission
A	**State-owned Stations**		
	JKPDD - Own Stations		
1.	Diesel	0	25
	Sub-Total (A)	**0**	**25**
B	**JKPDC – Thermal**		
1.	Kalakote	0	0
2.	Gas Turbine-I	0	5
3.	Gas Turbine-II	0	0
	Sub-Total (B)	**0**	**5**
C	**JKPDC – Hydel**		
1.	LJHP	552	552
2.	USHP-I	75	75
3.	USHP-II	279	279
4.	Ganderbal	19	19
5.	Chenani-I	72	72
6.	Chenani-II	6	6
7.	Chenani-III	6	6
8.	Sewa-III	0	0
9.	Karnah	6	6
10.	Sumoor	0	0
11.	Bazgo	0	0
12.	Hunder	1	1
13.	Iqbal Bridge	4	4
14.	Sanjak	0	0
15.	Badherwah	2	2
16.	Pahalgam	7	7
17.	Haftal	1	1
18.	Marpachoo	1	1
19.	Igo-Mercellong	1	1
20.	Stakna	0	0
21.	Matchil	0	0
	Sub-Total (C)	**1032**	**1032**
D.	**Baglihar (D)**	**1399**	**1399**
E.	**Total State Owned Generation(A+B+C+D)**	**2430**	**2460**
F.	**NTPC**		
1.	Anta(G)	181	181
2.	Anta(LNG+L)		
3.	Auriaya(G)	151	151
4.	Auriaya(LNG+L)		

S. No	Particulars	Projected now by Petitioner	Approved now by Commission
5.	Dadri(G)	234	234
6.	Dadri(LNG+L)		
7.	Unchahar-I	122	122
8.	Unchahar-II	244	244
9.	Unchahar-III	141	141
10.	Rihand-I	540	540
11.	Rihand-II	746	746
12.	Rihand-III	438	438
13.	Singrauli	152	152
14.	Farraka	94	94
15.	Talcher	0	0
16.	Kahalgaon-I	215	215
17.	Kahalgaon-II	576	576
18.	Nctp-2	69	69
19.	Korba-I	83	83
20.	Korba-III	39	39
21.	Mouda	52	52
22.	Sipat-I	151	151
23.	Sipat-II	56	56
24.	Vindhyachal-I	69	69
25.	Vindhyachal-2	52	52
26.	Vindhyachal-3	60	60
27.	Vindhyachal-4	67	67
	Sub-Total (F)	**4531**	**4531**
G	**NHPC**		
1.	Salal	748	748
2.	Free power	409	409
3.	Tanakpur	21	21
4.	Chamera-I	96	96
5.	Chamera-II	132	132
6.	Chamera-III	89	89
7.	Uri-I	588	588
8.	Free power	328	328
9.	Uri-II	239	239
10.	Free power	254	254
11.	Dulhasti	41	41
12.	Free power	45	45
13.	Dhauliganga	75	75
14.	Sewa-II	58	58
15.	Free power	10	10
16.	Nimao Bazgo	39	39
17.	Free power	24	24
18.	Chutak	159	159

S. No	Particulars	Projected now by Petitioner	Approved now by Commission
19.	Free power	172	172
20.	Parbati III	54	54
	Sub-Total (G)	**3582**	**3582**
H	**SJVNL(H)**	**663**	**663**
I	**THDC(I)**	**197**	**197**
J	**THDC Koteshwar (J)**	**75**	**75**
K	**PTC India Ltd.**		
1.	PTC(Tala)	61	61
2.	PTC(BHEP)	431	431
3.	PTC (APL)	49	49
	Sub-Total(K)	**541**	**541**
L	**NPCIL**		
1.	NAPS	218	218
2.	RAPP 3&4	263	263
3.	RAPP 5&6	172	172
4.	TAPS 3&4	74	74
5.	KAPS	21	21
	Sub-Total(L)	**747**	**747**
M	**Jhajjar (M)**	**36**	**36**
N	**Total - Outside State sources (F+G+H+I+J+K+L+M)**	**10,373**	**10,373**
O	**Other (incl. ST Purchase)**		
	NVVN/IEX	466	*0*
	Renewable Purchase Obligation	*0*	*620*
	UI (-)/(+)	*0*	*0*
	Sub-total (O)	**466**	**620**
P	**Power to be traded**	*0*	*-448*
	Gross Energy Availability (E+N+O- P)	**13269**	**13004**
	Less: Inter-state Transmission Loss @ 3.6%	390	381
	Net Energy Availability	**12879**	**12624**

Power Purchase Cost

Power Purchase from JKSPDC, CGSs and Other Sources

Petitioner's Submission

7.28 The Petitioner has projected the power purchase cost from the above mentioned sources on the basis of revised estimates of FY 2014-15, expected fixed and variable charges of power purchased from JKSPDC, CGSs and other sources. JKPDD-D has not considered the water usage charges for the projections and those charges have been shown separately.

Table 95: Projected Power Purchase Cost details from JKSPDC for FY 2015-16 (Rs Cr)

S. No.	Source	FY 2015-16 Projected
A)	**Thermal**	
1	Kalakote	0.00
2	Gas Turbine-I	0.00
3	Gas Turbine-II	0.00
	Sub-Total (A)	**0.00**
B)	**Hydel**	
1	LJHP	31.01
2	USHP-I	4.64
3	USHP-II	23.59
4	Ganderbal	0.81
5	Chenani-I	5.25
6	Chenani-II	0.60
7	Chenani-III	0.85
8	Sewa-III	0.00
9	Karnah	1.70
10	Sumoor	0.03
11	Bazgo	0.08
12	Hunder	0.20
13	Iqbal Bridge	0.75
14	Sanjak	0.22
15	Badherwah	0.24
16	Pahalgam	3.15
17	Haftal	0.40
18	Marpacho	0.29
19	Igo-Mercellong	0.47
20	Matchil	0.00
21	Stakna.	0.00
	Sub-Total (B)	**74.27**
C	**Baglihar.**	**410.99**
	Sub-Total (D)	**485.26**

Table 96: Projected Power Purchase Cost details from CGSs for FY 2015-16 (Rs Cr)

S. No	Source	FY 2015-16 Projected
A	**NTPC**	
1	Anta(G)	76.77
2	Anta(LNG+L)	
3	Auriaya(G)	83.13
4	Auriaya(LNG+L)	
5	Dadri(G)	118.69
6	Dadri(LNG+L)	
7	Unchahar-I	36.828
8	Unchahar-II	95.605

S. No	Source	FY 2015-16 Projected
9	Unchahar-III	43.864
10	Rihand-I	164.183
11	Rihand-II	255.841
12	Rihand-III	166.836
13	Singrauli	31.406
14	Farraka	42.009
15	Talcher	0.341
16	Kahalgaon-I	77.36
17	Kahalgaon-II	219.354
18	Nctp-2	43.417
19	Korba-I	13.597
20	Korba-III	10.186
21	Mouda	37.879
22	Sipat-I	43.299
23	Sipat-II	15.47
24	Vindhyachal-I	19.35
25	Vindhyachal-2	14.335
26	Vindhyachal-3	15.721
27	Vindhyachal-4	20.124
28	Nctp-1	0.341
29	Jhanor-Gandhar	0.365
30	Kawas	0.355
	Sub-Total (A)	**1,646.7**
B	**NHPC**	
1	Salal	76.64
2	Tanakpur	6.53
3	Chamera-I	17.89
4	Chamera-II	51.15
5	Chamera-III	42.87
6	Uri-I	114.474
7	Uri-II	63.951
8	Dulhasti	145.84
9	Dhauliganga	13.93
10	Sewa-II	23.93
11	Nimao Bazgo	141.28
12	Chutak	156.45
13	Parbati-III	25.172
	Sub-Total (B)	**878.23**
C	**SJVNL**	**253.159**
D	**THDC**	**93.91**
E	**THDC Koteshwar**	**26.64**
F	**PTC India Ltd.**	
	PTC(Tala)	12.377
	PTC(BHEP)	155.32
	PTC(APL)	15.828
	PTC(IEX)	156.55
	Sub-Total(F)	**355.895**
G	**NPCIL**	
	NAPS	55.602
	RAPP 3&4	76.684
	RAPP 5&6	61.435
	TAPS 3&4	22.332
	KAPS	5.03

S. No	Source	FY 2015-16 Projected
	Sub-Total(G)	**221.083**
H	**JHAJJAR**	36.272
	Surcharge	1.812
	Sub-Total(H)	**38.084**
I	POSOCO	6.39
K	RE Charges and Others	44.613
	Grand Total	**3,564.648**

Commissions Analysis

7.29 The Commission has approved the power purchase cost from JKSPDC as per the JKSPDC's Tariff Order for FY 2015-16 passed by the Commission on 27th February, 2015. The total power purchase cost from state generation stations for FY 2015-16 computed by the Commission is summarized in the following table:

Table 97: Approved power purchase cost details from State Stations for FY 2015-16 (Rs Cr)

Name of the Station	Total Charges (Rs Cr)	Average Rate (Rs/KWh)
PDD		
Diesel	0.00	0.00
Thermal		
Kalakote	0.00	0.00
Gas Turbine-I	0.00	0.00
Gas Turbine-II	0.00	0.00
Hydel/JKPDC		
LJHP	30.72	0.56
USHP-I	4.99	0.66
USHP-II	24.50	0.88
Ganderbal	0.89	0.48
Chenani-I	5.50	0.76
Chenani-II	0.63	0.99
Chenani-III	0.89	1.44
Sewa-III	0.00	0.00
Karnah	1.78	3.09
Sumoor	0.03	3.55
Bazgo	0.09	3.38
Hunder	0.20	2.66
Iqbal Bridge	0.79	1.88
Sanjak	0.19	3.80
Badherwah	0.16	0.89
Pahalgam	2.17	3.29
Haftal	0.37	4.10
Marpachoo	0.27	4.23
Igo-Mercellong	0.32	2.96

Name of the Station	Total Charges (Rs Cr)	Average Rate (Rs/KWh)
Matchil	0.00	0.00
Stakna	0.00	0.00
Baglihar	384.22	2.75
Total (SGS)	**458.72**	**1.86**

7.30 For the purpose of calculation of power purchase cost from CGSs, the Commission has adopted the following methodology as per the last year's MYT Order:

(e) In case of NTPC stations, the Commission had approved the per unit variable cost (including FPA) for FY 2014-15 based on the approved rates as per the latest Tariff Orders by CERC which have been further escalated at 3% per annum to arrive at variable cost per unit for FY 2015-16. The fixed charges for NTPC stations have been based on the Annual Fixed Charges (AFC) approved by CERC in its latest Tariff Orders.

(f) In case of NHPC stations and other hydel stations, the station wise actual charges paid by the Petitioner for FY 2014-15 have been considered for working out the charges to be paid in FY 2013-14.

(g) In case of NPCIL stations, the Commission has estimated the variable cost per unit for FY 2015-16 by considering the actual variable cost per unit for FY 2014-15 in accordance with principles stated in the MYT order for the FY 2013-14 to FY 2015-16.

7.31 The total power purchase cost from CGSs for FY 2015-16 computed by the Commission is summarized in the following table.

Table 98: Approved power purchase cost details of CGSs for FY 2015-16 (Rs Cr)

Name of the Station	Total Charges (Rs Cr)	Average rate (Rs/KWh)
NTPC		
Anta gas	77.40	4.27
Auraiya gas	83.88	5.54
Dadri gas	118.55	5.06
Farakka	41.23	4.40
Kahalgaon-I	77.51	3.61
NCTPS (Dadri) [extn.]	40.62	5.93
Rihand –I	145.61	2.70
Rihand –II	223.05	2.99
Singrauli	29.78	1.96
Unchahar-I	37.15	3.05
Unchahar-II	92.43	3.79

Name of the Station	Total Charges (Rs Cr)	Average rate (Rs/KWh)
Unchahar-III	43.93	3.12
Kahalgaon stage-II	220.17	3.82
Mejia 6	0.00	0.00
APCL - Jhajjar (Unit - 1)	33.95	9.31
Rihand-III	120.65	2.76
Talcher	0.00	0.00
Korba-I	12.96	1.57
Korba-III	9.84	2.49
Mouda	29.78	5.67
Sipat-I	42.94	2.85
Sipat-II	15.39	2.76
Vindhyachal-I	18.22	2.64
Vindhyachal-2	13.47	2.57
Vindhyachal-3	15.67	2.63
Vindhyachal-4	19.51	2.90
Jhanor-Gandhar	0.47	49.36
Kawas	0.47	48.34
Total NTPC	**1565**	**3.43**
Nuclear		
RAPS - 3&4	76.61	2.91
RAPS - 5	61.41	3.57
NPCIL - NAPS	55.57	2.55
TAPS 3&4	1.15	0.15
KAPS	0.15	0.07
Total Nuclear	**194.88**	**2.61**
NHPC stations		
CHAMERA-I	17.28	1.80
CHAMERA-II	49.25	3.73
CHAMERA-III	40.23	0.00
DHAULIGANGA	13.59	3.30
DULHASTI	139.67	5.84
Dulhasti Free	0.00	0.00
SALAL	69.65	0.93
Salal Free	0.00	0.00
TANAKPUR	6.37	3.04
URI-I	111.83	1.90
Uri Free	0.00	0.00
Sewa-II	23.09	5.17
Sewa-II Free	0.00	0.00
Chutak	155.03	39.65
Chutak Free	0.00	0.00
Niamo Bazgo	139.45	23.91
Niamo Bazgo Free	0.00	0.00

Name of the Station	Total Charges (Rs Cr)	Average rate (Rs/KWh)
Uri-II	62.99	3.97
Uri -II Free	0.00	0.00
Parbati-III	24.79	4.62
Total NHPC	**853.22**	**2.38**
Others		
NJPC (SATLUJ)	237.56	3.58
TEHRI HEP	91.71	4.66
Koteshwar (THDC)	25.92	0.00
TALA HEP	12.38	2.02
PTC (BHEP)	155.32	3.60
PTC (KWHEP)	0.00	
PTC (APL)	15.83	3.26
Total Others	**538.72**	**3.65**
Other misc/ RE charges (surcharge/ rebate)	255.47	-
Total Charges	**3407.61**	**3.29**

Cost of Renewable Energy procurement

Petitioner's Submission

7.32 The Petitioner has not projected any cost of renewable energy for FY 2015-16.

Commission's Analysis

7.33 Since, it is mandatory to procure power from Renewable Energy Sources (RES) as per the JKSERC (Renewable Power Purchase Obligation, its Compliance and REC framework Implementation) Regulations, 2011; the Commission has projected the power purchase cost from RES as per the rates summarized in following table.

Table 99: Approved power purchase cost from Renewable Energy Sources for FY 2015-16 (Rs Cr)

Description	FY 2015-16		
	Quantum (MU)	Rate* (Rs/KWh)	Cost (Rs Cr)
Solar sources	95	6.06	57.38
Non-solar sources	525^	3.96	207.89
Total	**620**		**265.27**

**As per JKSERC's Order on generic levellised tariff from RES dated 28th February, 2015, the tariff for solar generating stations and hydel generating stations for FY 2015-16 is Rs. 6.06/ unit and Rs 3.96/unit respectively;*

^ It does not include cost of 201 MU of RPO met through JKSPDC owned small-hydro stations.

Inter-state Transmission Charges

Petitioner's Submission

7.34 Inter-state Transmission charges payable to PGCIL are based on the total capacity allocation in the transmission network. The Petitioner has proposed the inter-state transmission charges to be Rs 392.26 Cr.

Commission's Analysis

7.35 Since the inter-state Transmission Charges are based on the actual billing by PGCIL, the Commission approves the inter-state transmission charges projected by the Petitioner i.e. Rs 392.26 Cr for FY 2015-16.

Revenue from power traded

7.36 As stated in para 7.26 of this Order, the quantum of energy available during FY 2015-16 is in excess of the quantum of energy required, as computed by the Commission at approved T&D losses, by 448 MUs. Therefore, this excess quantum of energy is assumed to be traded by the Petitioner and the revenue from such power traded is reduced from the total power purchase cost for the year as summarized in the following table:

Table 100: Revenue from trading of excess power during FY 2015-16 (Rs Cr)

Sl. No.	Description	*UoM*	2015-16
A	Cost of power purchase from JKSPDC Stations	*Rs Cr*	458.72
B	Cost of power purchase from CGSs (incl. inter-state transmission charges, RE & other misc. charges)	*Rs Cr*	3407.61
C	Cost of power purchase to meet RPO	*Rs Cr*	265.27
D	Inter-state Transmission charges	*Rs Cr*	392.26
E	**Total power purchase costs from all sources (incl. inter-state Transmission charges)**	***Rs Cr***	**4,523.86**
F	Quantum of power purchased from JKSPDC & CGSs (Gross) before units traded	*MU*	13,452
G	**Average rate of power purchase [E/F *10]**	***Rs/KWh***	**3.36**
H	Quantum of energy to be traded	*MU*	448
I	**Revenue from trading to be reduced from power purchase cost (G * H / 10)**	***Rs Cr***	**150.56**

7.37 Based on above, the summary of power purchase cost projected by the Petitioner and approved by the Commission has been presented in the following table.

Table 101: Approved power purchase cost from all sources (Rs Cr)

Particulars	Projected by Petitioner	Approved now by Commission
Power Purchase from JKSPDC	485	458.72
Power Purchased from CGSs (including short term/UI)	3565	3406.93
Interstate Transmission charges	392.26	392.26

Particulars	Projected by Petitioner	Approved now by Commission
Renewable purchase	0	265.27
Revenue from trading of excess power	0	-150.56
Total Power Purchase cost	**4,442.17**	**4,373.30***

**This is subject to true up based on audited data and approval of additional budget allocation by the State Government against the approved allocation of Rs 3785.50 Cr for FY 2015-16 in the State Budget;*

Water Usage Charges

Petitioner's Submission

7.38 The Petitioner has projected the water usage charges as Rs 305.65 Cr for JKSPDC generating stations same as approved by the Commission in the last year's MYT Order. While, the water usage charges of NHPC generating stations in the state have been projected at Rs 213.17 Cr for FY 2015-16.

Commission's Analysis

7.39 As the water usage charges of JKSPDC for FY 2015-16 are in line with charges approved by the Commission in the last year's MYT Order, the Commission approves the same charges as proposed by the petitioner with the direction that the funds to discharge this liability will be provided to the utility by the Government over and above the budgetary allocation for power purchase as claimed by the Petitioner.

7.40 The Commission directs the Petitioner to re-work the water usage charges as per the revised rates notified by the J&K State Water Resources Regulatory Authority vide its Order No. 89/JKSWRRA of 2014 dated 24th December, 2014.

7.41 In case of NHPC, the Petitioner has not furnished project wise details. The Commission provisionally approves water usage charges of NHPC for FY 2015-16 as submitted by the Utility subject to submission of project wise details at the time of APR.

7.42 Accordingly, total water usage charges approved by the Commission for FY 2015-16 are Rs. 518.2 which is to be provided to the Petitioner by the State Govt. in addition to the budget for power purchase.

Operation & Maintenance Expenses

Petitioner's Submission

7.43 The employee expenses, administrative and general Expenses and R&M expenses that have been projected or FY 2015-16 based on the revised estimates of FY 2014-15 and escalated as per the methodology adopted by the Commission in the MYT Order.

Table 102: Projected operation and maintenance expenses for FY 2015-16 (Rs Cr)

Particulars.	Projected by the Petitioner
Employee Expenses	505.15
Admin & General Expenses	35.54
R&M Expenses	37.20
Total	**577.89**

Commission's Analysis

7.44 The component wise O&M expenses are approved by the Commission in accordance with Regulation 22 of the JKSERC (Multi Year Distribution Tariff) Regulations, 2012.

7.45 The employee expenses have been determined on the basis of norms specified in Regulation 22.1 of the aforesaid Regulations. The approved base norm of employee expenses has been normatively escalated by CPI inflation of 8.80% to arrive at the normative employee expenses of Rs 501.14 Cr after considering the impact of provisions for arrears of 6^{th} Pay Commission for FY 2015-16.

Table 103: Approved employee expenses FY 2015-16 (Rs Cr)

Description	Units	Norm	FY 2015-16
EMP_b (A)	Rs Cr/ employee	0.026	
CPI Inflation rate (B)	%	8.80%	
Number of employees (C)	No.		14,062
EMP_n (D = A * B)	Rs Cr/ employee		0.033
Employee Expenses without provisions (E = C * D)	**Rs Cr**		**463.75**
Arrears for 6^{th} Pay Commission	Rs Cr		42.81
Allocated to Distribution (87% of total) (F)	*Rs Cr*		*37.38*
Employee expenses with provisions (G = E + F)	**Rs Cr**		**501.14**

7.46 The Administrative and General (A&G) expenses have been determined on the basis of norms specified in Regulation 22.3 of the aforesaid Regulations. The approved base norm of A&G expenses has been normatively escalated by WPI inflation of 5.13% to arrive at the normative A&G expenses of Rs 25.56 Cr for FY 2015-16.

Table 104: Approved A&G Expenses FY 2015-16 (Rs Cr)

Description	Units	Norm	2015-16
$A\&G_b$ (A)	**Rs Cr/ employee**	**0.002**	
WPI Inflation rate (B)	%	**5.13%**	
Number of employees (C)	No.		14,062
$A\&G_n$ (D = A * B)	**Rs Cr / employee**		0.0018
A&G Costs (E = C * D)	**Rs Cr**		**25.56**

7.47 The Repair and Maintenance expenses (R&M) expenses have been determined on the basis of norms specified in Regulation 22.2 of the aforesaid Regulations. Accordingly, the approved K factor of 1.34% has been applied on the opening balance of GFA to arrive at the R&M expenses of 36.84 Cr for FY 2015-16.

Table 105: Approved R&M Expenses FY 2015-16 (Rs Cr)

Description	Units	Norm	2015-16
K_b	**%**	**1.34%**	
Opening GFA for JKPDD-D	Rs Cr		2,757.30
Approved R&M costs	**Rs Cr**		**36.84**

7.48 The approved O&M expenses for FY 2015-16 have been summarized in the following table:

Table 106: Approved Operation and Maintenance Expenses (Rs Cr) FY 2015-16

Particulars	Approved in MYT Order	Sub. now by Petitioner	App. now by Commission
Employee Expenses	449.45	505.15	501.14
Admin & General Expenses	23.20	37.20	25.56
R&M Expenses	51.36	35.54	36.84
Total	**524.02**	**577.89**	**563.54**

Capital expenditure and Capitalization

Petitioner's Submission

7.49 The revised capital investment plan for various schemes for FY 2015-16 as submitted by the Petitioner is summarised in the following table:

Table 107: Revised Capital Investment for FY 2015-16 as submitted by Petitioner (Rs Cr)

Particulars	App. in MYT Order	Revised Estimates now
RGGVY Projects	0.00	167.22
R-APDRP Projects	771.61	550.00
New Distribution Works	108.65	27.36
REC Funded Projects	75.00	27.25
Others	0.00	0.00
Total	**981.88**	**771.83**

7.50 Further, the JKPDD has submitted that assets valuing Rs. 385.27 Crore will be capitalized during FY 2015-16 as 40% of the assets would be capitalised in the same year while 60% would be capitalised in the subsequent year.

Commission's Analysis

7.51 The Petitioner was directed by the Commission to submit certified information on capital investment for FY 2013-14 to FY 2015-16 duly authenticated by the Power

Development Department, GoJK. However, the Petitioner failed to provide the same.

7.52 Thus, in absence of certified information, the Commission has provisionally approved capital expenditure as well as the capitalisation as approved in the MYT Order dated 25th April, 2013.

7.53 The Commission directs the Petitioner to submit certified information on capital investment for FY 2015-16 duly authenticated by Power Development Department, GoJK along with the APR Petition for FY 2015-16.

7.54 The details of approved capital investment for FY 2015-16 are provided in the table below:

Table 108: Approved Capital Investment FY 2015-16 (Rs Cr)

Particulars	App. in MYT Order	Projected now	Approved by the Commission
RGGVY Projects	0.00	167.22	0.00
R-APDRP Projects	771.61	550.00	771.61
New Distribution Works	108.65	27.36	108.65
REC Funded Projects	75.00	27.25	75.00
Others	26.62	0.00	26.62
Total	**981.88**	**771.83**	**981.88**

Table 109: Approved Capitalisation FY 2015-16 (Rs Cr)

Particulars	App. in MYT Order	Projected now	Approved by the Commission
RGGVY Projects	0.00		0.00
R-APDRP Projects	532.68		532.68
New Distribution Works	75.01		75.01
REC Funded Projects	51.78		51.78
Others	18.38		18.38
Total	**677.85**	**385.27**	**677.85**

Gross Fixed Assets (GFA)

Petitioner's Submission

7.55 The Petitioner submitted that based on the closing GFA of FY 2014-15 and the actual capitalisation during FY 2015-16, it has estimated the closing GFA of FY 2015-16 as summarised in the following table:

Table 110: Projected GFA for FY 2015-16 (Rs. Cr)

Particulars	App. In MYT Order	Projected by the Petitioner
Opening Balance	3,844.38	2,757.30
Addition during the year	677.85	385.27
Closing Balance	**4,522.22**	**3,142.57**

Commission's Analysis

7.56 The closing GFA of FY 2014-15 as approved by the Commission in this Order has been considered as opening GFA for FY 2015-16.

7.57 Based on the approved opening GFA and the approved capitalization for FY 2015-16, the Commission approves Rs. 3435.15 Cr as closing GFA for FY 2015-16.

7.58 The following table summarizes opening GFA, assets capitalized and closing GFA for FY 2015-16 as projected by Petitioner and approved by the Commission subject to the submission of audited statements at the time of true up:

Table 111: Projected and provisionally approved GFA for FY 2015-16 (Rs. Cr)

Particulars	Projected by Petitioner	Approved now by JKSERC
Opening Balance	2,757.30	2,757.30
Addition during the year	385.27	677.85
Closing Balance	**3,142.57**	**3,435.15**

Depreciation

Petitioner's Submission

7.59 The following table summarizes the projected depreciation cost for FY 2015-16 as submitted by the Petitioner.

Table 112: Projected depreciation for FY 15-16 (Rs Cr)

Description	Projected by Petitioner
Opening GFA	174.88
Additions to GFA	10.90
Closing GFA	**185.78**
Average GFA	**180.33**
Depreciation Rate	3.60%
Depreciation Amount	**6.49**

Commission's Analysis

7.60 As per Regulation 24(d) of the JKSERC (Multi-Year Distribution) Tariff

Regulations, 2012, depreciation shall not be allowed on assets funded by capital subsidies, consumer contributions or grants. Thus, depreciation can be charged only on the additions made to GFA which have been financed through loans (i.e. portion of capitalization for REC funded projects).

7.61 The Commission in accordance with the aforesaid Regulation approves the depreciation charge only on the portion of capitalization for REC funded projects.

7.62 The Commission has calculated the depreciation on the average GFA during the year and not on the closing GFA as the additions to the GFA take place throughout the year and the average of the opening and closing GFA provides a more realistic assessment of the depreciation.

7.63 Accordingly, the depreciation cost as provisionally approved by the Commission for the given period has been summarized in following table.

Table 113: Approved depreciation FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Projected by Petitioner	Approved now by Commission
Opening GFA	237.25	174.88	168.21
Additions to GFA	51.78	10.90	51.78
Closing GFA	289.02	185.78	219.98
Average GFA	**263.13**	**180.33**	**194.09**
Depreciation Rate	3.60%	3.60%	3.60%
Depreciation	**9.47**	**6.49**	**6.99**

Interest and Finance Charges

Interest on Loans

Petitioner’s Submission

7.64 JKPDD-D has adopted interest rate of 9.39 % as applied by the Commission in the MYT Order. Based on the projections of the REC loan balances, receipts and payments, the interest and finance charges have been summarized below:

Table 114: Projected Interest and Finance charges FY 2015-16 (Rs Cr)

Particulars	Projected by Petitioner
Opening Loan balance	158.20
Receipts during the year	27.25
Repayments during the year	9.27
Closing Loan balance	**176.18**
Average Loan Balance	167.19
Interest on Term Loans @ 9.39%	**15.70**

Commission's Analysis

7.65 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, 2015 has been considered as per closing loan balance of FY 2014-15.

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

7.66 The Commission has calculated the interest on the average balance of loans during the year as the receipts and repayments take place throughout the year and the average of the opening and closing loan balance gives a more realistic assessment of the same. Moreover this methodology has also been adopted by the Commission in the MYT Order dated 25th April, 2013.

7.67 Based on the above approach, the following table summarizes the interest and finance charges for FY 2015-16 as provisionally approved by the Commission

Table 115: Approved Interest and Finance charges FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Projected by Petitioner	Approved now by Commission
Opening Loan balance	207.00	158.20	137.48
Receipts during the year	51.78	27.25	51.78
Repayments during the year	12.50	9.27	9.27
Closing Loan balance	**246.27**	**176.18**	**179.98**
Average Loan	226.63	167.19	158.73
Interest on Term Loans @ 9.39%	**21.28**	**15.70**	**14.91**

Interest on Working Capital

Petitioner's Submission

7.68 JKPDD-D has projected the working capital and the interest on working capital in accordance with the Regulation 26 of the JKSERC (Multi Year Distribution Tariff) Regulation 2012 and methodology adopted by the Commission in the MYT Order. The interest worked out on the working capital is as under:

Table 116: Projected Interest on Working Capital FY 2015-16 (Rs Cr)

Particulars	Projected by Petitioner
O & M Expenses for 1 month	48.16
Expected Revenue for two months	413.36
Maintenance Spares @ 40% of R&M expenses for 1 month.	1.18
Normative Working Capital	**462.70**
Rate of Interest	14.75%

Particulars	Projected by Petitioner
Interest on Working Capital	**68.25**

Commission's Analysis

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

7.70 The normative working capital requirement has been calculated on the basis of the following methodology:

a) O&M expenses for one month

b) Two months equivalent of expected revenue

c) Maintenance of spares @ 40% of R&M expenses for 1 month

d) Less: Security Deposit from consumers, if any

7.71 The interest on working capital has been considered as per the prevailing J&K bank rate of 14.75% per annum.

7.72 Accordingly, the approved Interest on Working Capital for FY 2015-16 is as per the following table:

Table 117: Approved Interest on Working Capital FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Projected by Petitioner	Approved now by Commission
O & M Expenses for 1 month	43.67	48.16	46.96
Expected Revenue for two months	351.84	413.36	434.44*
Maintenance Spares @ 40% of R&M expenses for 1 month.	1.71	1.18	1.23
Normative Working Capital	**397.22**	**462.70**	**482.63**
Rate of Interest	15.00%	14.75%	14.75%
Interest on Working Capital	**59.58**	**68.25**	**71.19**

**Expected revenue from sale of power at existing tariffs as approved by the Commission is higher than the revenue projected by JKPDD-D.*

Return on Equity

Petitioner's Submission

7.73 The Petitioner has not proposed any return on equity.

Commission's Analysis

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

Intra-state transmission charges

Petitioner's Submission

7.75 The Petitioner has considered the intra-state transmission charges of Rs 96.48 Cr as per the approved ARR for JKPDD-T for FY 2015-16 as per Order dated 28th February, 2015.

Commission's Analysis

7.76 The Commission accepts the Petitioner's submission and approves the intra-state charges for FY 2015-16 as Rs 96.48 Cr.

Non-tariff Income

Petitioner's Submission

7.77 The Petitioner has projected the non-tariff income for FY 2015-16 at Rs.15.53 Cr after considering 5% increase in the revised estimate for FY 2014-15.

Commission's Analysis

7.78 Since the projections for the non-tariff income are as per the guidelines mentioned in the MYT Order dated 25th April, 2013, the Commission accepts the submission made by JKPDD-D and approves non-tariff income for FY 2015-16 as Rs. 15.53 Cr.

Aggregate Revenue Requirement (ARR) for FY 2015-16

7.79 Based on the various components as discussed above, the ARR for the FY 2015-16 as projected by the Petitioner and as approved by the Commission has been summarized in the following table.

Table 118: Summary of ARR for FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Projected by Petitioner	Approved now by Commission
Power Purchase Cost	3,610.94	4,442.17	4373.30*
Water usage charges (JKSPDC+NHPC).	305.65	518.82	518.82
Intra-state transmission Charges	148.18	96.48	96.48
Operation and Maintenance Cost	524.02	577.89	563.54
Interest on loans	21.28	15.70	14.91
Depreciation	9.47	6.49	6.99
Interest on Working capital	59.58	68.25	70.55
Total Costs	**4,679.13**	**5,725.80**	**5,644.58**
Add: Return on Equity	0.00	0.00	0.00
Less: Non-Tariff Income	15.54	15.53	15.53
Aggregate Revenue Requirement	**4,663.59**	**5,710.27**	**5,629.05**

**This is subject to true up based on audited data and approval of additional budget allocation by the State Government against the approved allocation of Rs 3785.50 Cr for FY 2015-16 in the State Budget;*

Revenue from Sale of Power at Existing Tariffs

Petitioner's Submission

7.80 The Petitioner has submitted the revenue from sale of power of Rs 2480.17 Cr. on the basis of revised estimates and projections of energy sales and prevalent tariff for supply to various categories of consumers.

Commission's Analysis

7.81 The Commission has approved the sales and demand for FY 2015-16 in accordance with the Regulations 16 & 17 of the JKSERC (Multi-Year Distribution Tariff) Regulations, 2012 whereas the revenue has been calculated as per the prevailing tariffs approved in the Order for FY 2014-15 dated 24th June, 2014.

7.82 The energy sales approved by the Commission for FY 2015-16 is 7,489 MU and the approved revenue realization at existing tariff and 100% collection efficiency works out to Rs 2,580.56 Cr as summarized in the following table:

Table 119: Revenue from sale of power at existing tariffs for FY 2015-16 (Rs Cr)

Particulars	Submitted now by Petitioner	Approved now by JKSERC
Domestic	723.00	717.29
Non-Domestic/Commercial	310.95	320.67
Agriculture	85.00	89.40
State/ Central Govt. Department	410.39	413.78
Public Street Lighting	75.80	25.28
LT Industrial Supply	124.70	128.01
HT Industrial Supply	298.64	378.07
HT-PIU Industrial Supply	45.66	57.26
LT Public Water Works	248.42	256.73
HT Public Water Works	76.97	91.97
General Purpose Bulk	80.64	102.11
Total	**2,480.17**	**2,580.56**

7.83 It is pertinent to note that the Petitioner had submitted the actual revenue realized during the previous year i.e. FY 2014-15 was Rs 1456.20 Cr against the revenue assessed of Rs 2154.52 Cr. The Commission directs the Utility to recover the unrecovered revenue of FY 2014-15 along with the target of achieving 100% collection efficiency during FY 2015-16.

Revenue Gap

Petitioner's Submission

7.84 The Petitioner submitted that based on the assessed revenue realization, the revenue gap at existing tariff for FY 2015-16 works out to Rs 3230.09 Cr.

Commission's Analysis

7.85 Based on the revenue realization calculated as per the energy sales and cost per unit approved in this Order, the revenue gap approved for FY 2015-16 is summarized in the following tables:

Table 120: Approved Revenue Gap at Existing Tariffs FY 2015-16 (Rs Cr)

S. No	Description	Approved in MYT Order	Projected by Petitioner	Approved now by Commission
1	Aggregate Revenue Requirement.	4,663.59	5,710.27	5,629.05
2	Revenue Assessed	2,111.04	2,480.17	2,580.56
3	***Revenue Gap***	**(2,552.55)**	**(3,230.10)**	**(3,048.49)**

7.86 Further, as per the approach adopted by the Commission for cost coverage in its previous Tariff Orders and for APR for FY 2014-15, the Commission has determined $ACOS_{AL}$, $ACOS_{ZL}$ and $ACOS_{PL}$ for FY 2015-16.

7.87 For computation of average cost of supply at different loss levels, the

Commission considered the following:

(a) **Average Cost of Supply at Approved Loss ($ACOS_{AL}$):** The Commission has calculated the $ACOS_{AL}$ by dividing the overall ARR of the utility by the approved energy sales quantum (units) for the corresponding financial year.

(b) **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 the corresponding financial year.

(c) **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.

(d) **Prudent level of T&D losses:** The Commission has considered T&D losses of 23.65% as the prudent level of T&D losses (the average T&D loss at the national level as per the Central Electricity Authority).

7.88 It is also pertinent to mention here, that even though the Commission determines ACOSPL i.e. average cost of supply at prudent loss levels, it is a benchmark figure aimed to move tariffs in direction of cost recovery; however same has to be matched by performance and efficiency improvement by the JKPDD-D. At present, the tariffs in the State are fixed to recover ACOS at Zero Losses only.

7.89 The following table summarizes $ACOS_{AL}$, $ACOS_{ZL}$ and $ACOS_{PL}$ as proposed now by the Petitioner and approved now by the Commission for FY 2015-16:

Table 121: Projected and approved average COS for FY 2015-16 (Rs/KWh)

Sl. No.	Particulars	Derivation	Approved in the MYT Order	Projected by Petitioner	Approved now by Commission
A	Energy Sales (MU)	-	6526	7047	7289
B	T&D Losses (%)	-	42.26%	45.28%	42.26%
C	Power Purchase Quantum (MU)	-	11,303	12,879	12,624
D	Aggregate Revenue Requirement (Rs Cr)	-	4663.59	5710.27	5629.05
E	**CoS as actual / approved losses (CoS_{AL}) (Rs/KWh)**	**[E = D/ A * 10]**	**7.15**	**8.10**	**7.72**
F	**CoS at Zero Losses (CoS_{ZL}) (Rs/KWh)**	**[F = D / C * 10]**	**4.13**	**4.43**	**4.46**
G	**CoS at Prudent Losses (CoS_{PL}) (Rs/KWh)**	**[G = D/ (C * (1-H)) *10]**	**5.43**	**- ***	**5.84**
H	Average realization rate		**3.23**	**3.52**	**3.54**

Note: * The Petitioner has not submitted any estimates for prudent loss levels.
Note 2: The prudent loss level for FY 2015-16 is considered as 23.65% (as per monthly statistics by CEA, www.cea.nic.in)

7.90 At the approved tariff, the average gap with respect to the average cost of supply of Rs.7.72/kWh based on approved losses (i.e.42.26%), comes to Rs.4.18/kWh which indicate dependence on subsidy/ Government support to the extent of 54%. Consumer category wise tariff is compared with the average cost of supply indicating the Government/ Subsidy dependence in the table provided below:

Table 122: Average CoS and Approved Average Tariff for FY 2015-16

Consumer Categories	Approved average CoS at approved loss level	Approved Average Tariff	Gap	
	Rs/kWh	Rs/kWh	Rs/kWh	%
Domestic	7.72	2.30	5.42	70%
Non-Domestic/ Commercial	7.72	3.94	3.78	49%
State/Central Govt. Dept.	7.72	6.27	1.45	19%
Agriculture	7.72	2.77	4.95	64%
Public Street Lighting	7.72	5.12	2.60	34%
LT Public Water Works	7.72	5.68	2.04	26%
HT Public Water Works	7.72	5.08	2.64	34%
LT Industrial Supply	7.72	3.39	4.33	56%
HT Industrial Supply	7.72	3.81	3.91	51%
HT-PIU Industrial Supply	7.72	4.50	3.22	42%
General Purpose/ Bulk Supply	7.72	5.38	2.34	30%
Average	**7.72**	**3.54**	**4.18**	**54%**

CHAPTER 8: TARIFF REVISION FOR FY 2015-16

8.1 This section summarizes the tariff revision proposal for FY 2015-16 to meet the projected revenue gap at existing tariffs as submitted by the Petitioner and as approved by the Commission.

No Tariff hike for FY 2015-16

Petitioner's Submission

8.2 The Petitioner has not proposed any tariff hike for FY 2015-16 and proposes to retain the tariff approved by the Commission in the last year's Order for FY 2014-15 dated 24th June, 2014. It has proposed to meet the revenue gap for FY 2015-16 through financial assistance from the J&K Government.

Commission's Analysis

8.3 The Petitioner has not proposed any tariff hike for FY 2015-16 and has submitted that it would meet the revenue gap through financial assistance from the State Government. The Commission accordingly does not approve any tariff hike for FY 2015-16 and Orders the tariff approved in the Order dated 24th June, 2014 to remain applicable till 31st March, 2016 except to the extent as modified in this Order or unless amended or modified or extended by an order of this Commission.

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CHAPTER 9: DIRECTIVES

9.1 The Commission had directed the Petitioner to set up a special cell to attend to regulatory affairs and to monitor timely implementation of the directions issued by the Commission. As the Petitioner has failed to establish such regulatory cell, the Commission takes strong objection to the non-serious attitude of the Petitioner towards compliance of the directive issued by the Commission. 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.

9.2 The Commission, based on its analysis of the Petition and the compliance to previous directives submitted by the Petitioner along with information and suggestions received during the public hearing process on the functioning of the Petitioner, directs the Petitioner to comply with the following directives:

Metering

9.3 As 100% compliant metering holds key for introducing power reforms in the State in general and more specifically in reduction of extremely high losses, any further delay in achieving 100% consumer metering shall not be in the interest of the State, Utility or the consumers. Therefore, the Utility is directed to take all possible measures to adhere to the timelines submitted by it before the Commission for achieving 100% consumer metering in the State and also to take note of the fact that supply of electricity to unmetered consumers beyond the stipulated date would be illegal in terms of provisions of Section 49 (1) of the J&K Electricity Act 2010.

9.4 As there has been serious deviation from the mandate given by the State Legislature under Section 49(1) of the Act 2010 for completion of metering within a period of 2 years from the date of notification of the J&K Electricity Act, 2010, the JKPDD-D needs to place the facts before the State Legislature for ratification of the extended dead line for achieving 100% metering in the State.

Area wise loss reduction plan

9.5 The AT&C losses being alarmingly high in the State, the Commission directs the Petitioner to submit the district-wise and circle-wise loss reduction plan on the prescribed MYT formats along with next Tariff Petition. Also, in order to bring down the losses in the State to sustainable levels, it is essential to expedite the implementation of various loss reduction schemes. The Commission directs the Petitioner to fast-track the implementation of R-APDRP, which is under implementation in 30 towns of the State, in order to achieve the desired results and submit to the Commission progress report along with next Tariff Petition.

Load Curtailment

9.6 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. The Commission also directs the Petitioner to upload circle wise / feeder wise T&D loss data with other relevant details on its website and report compliance in the MYT Petition of the next Control Period.

9.7 Moreover, the Petitioner may develop a transparent mechanism for linking the load curtailment or shedding in an area to the proportion of the level of the losses in the area. For this purpose, the Utility shall notify details of the energy inputs, energy billed and revenue collected on each feeder on a monthly basis. Similar exercise was done in Maharashtra with positive results.

Difference between revenue targets approved by JKSERC and revenue realized by JKPDD-D

9.8 Owing to the huge shortfall between the revenue targets approved by the Commission in the Tariff Orders and the actual revenue realization by the Utility the Commission had directed the Petitioner to undertake a comprehensive consumer category wise analysis of such revenue shortfall each year and submit the same to the Commission along with next tariff petition indicating clearly the category wise details of the arrears so that the same can be treated as opening balance to be recovered over and above the revenue targets approved for the particular year. In response, the Petitioner submitted that due to its continued efforts, the JKPDD has managed to improve its collection efficiency from 68% in FY 2011-12 to 84.36% in FY 2012-13 to the present level of 95.51% in FY 2013-14.

9.9 The contention of the Utility that it had a collection of 95% during The Commission has computed revenue assessment of Rs 1934.60 Cr. for FY 2013-14 against which the Petitioner had raised energy bills/assessed revenue to the extent of Rs 1745.98 Cr only. The actual revenue collected is Rs 1667.40 Cr during FY 2013-14 (including arrears of Rs 201 Cr). Since the revenue assessment/ billing efficiency as reported by the Utility has been low, the collection efficiency figures as projected by the Utility are misleading. Based on the revenue assessed by the Commission, the collection efficiency of Utility for FY 2013-14 is computed to be 83.9% which decreases further to 75.8% if arrears are excluded from revenue collected during the year.

9.10 The situation has further deteriorated during FY 2014-15. The Petitioner has submitted that during FY 2014-15, the Utility managed to collect Rs 1456.24 Cr of revenue from sale of power against Rs 2154.52 Cr of revenue assessed by it. The revenue assessed by the Commission for FY 2014-15 is Rs 2255.26 Cr. Thus, the collection efficiency works out to 65% based on the revenue assessed by the Commission and 67.5% based on the revenue assessed by the Petitioner. The Commission, accordingly, directs the Utility to recover the unrecovered revenue of FY 2014-15 along with the target of achieving 100% collection efficiency during FY 2015-16 and submit the details to the Commission along with next Tariff Petition.

Submission of audited accounts

9.11 The Commission observed that there were discrepancies in the figures pertaining to power purchase and power revenue submitted by the Petitioner and figures of the CAG and State Budget. The Commission had directed that the Petitioner should submit authenticated and reconciled figures for purpose of Truing-Up of the expenses for FY 2013-14. As the Petitioner has failed to submit the audited accounts along with the present Petition for True-Up for FY 2013-14, the Commission expresses concern over the repeated failure of the Utility to comply with this directive. In the absence of authentic data, the Commission cannot undertake final Truing-Up of its costs and revenue. Accordingly, the Petitioner is again directed to submit authenticated and reconciled figures of the State Budget as well as CAG for FY 2013-14 and FY 2014-15 along with the MYT Petition of the next Control Period for final Truing-Up of the costs and revenue.

Progress report on unbundling

9.12 Even though the Government of Jammu & Kashmir, vide Govt. Order 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 power trading company, the JKPDD has failed to provide separate details of assets and costs for each unbundled function of the Department. In this regards, the Commission is of the view that unbundling is one of the major restructuring and reform measure as per the Act and should be completed at the earliest so that the incorporated companies could be made functional in the interest of increased efficiency, accountability and reduction of losses. The Commission directs the Petitioner to submit progress report on same along with next Tariff Petition.

Segregation of Cost

9.13 The commission had directed the Utility to maintain asset data for opening GFA and the audit data for both distribution and transmission function and submit the same to the Commission by August, 2014. However, the Utility failed to provide the same.

9.14 In absence of such details, the Commission is unable to accurately apportion the costs to transmission and distribution functions of JKPDD as it also renders the projections for MYT period inaccurate. Thus, the Commission directs the Petitioner to accelerate the process and submit segregated details of costs along with the MYT Petition for the next Control Period.

Capital Expenditure and Capitalization

9.15 The Commission, in the previous Orders, had directed the Petitioner to submit the scheme wise details of actual capital expenditure plan and capitalization schedule as per the formats prescribed in the JKSERC (Multi Year Distribution Tariff) Regulations, 2012. Even though the Petitioner has submitted details of scheme wise capital expenditure in the regulatory formats along with the present Petition, there were several discrepancies in the details submitted in the Petition and the scheme wise details as provided in the formats. Despite repeated directions of the Commission to the Utility to furnish certified information on capital investment for FY 2013-14 to FY 2015-16 duly authenticated and reconciled, the Petitioner failed to provide the same. The Commission once again directs the Petitioner to submit reconciled figures of capital investment along with the Petition for approval of the Business Plan for the next Multi-year Control Period.

9.16 The Commission had also directed 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 (ARR) & Tariff petition for FY 2014-15. The Utility is yet to submit the detailed investment Plan for new distribution works. The non-compliance of the directives by the Petitioner is highly objectionable. Accordingly, the Commission again directs the Utility to submit the plan along with the Petition for approval of the Business Plan for the next Multi-year Control Period. In case of non-compliance, the Commission will be constrained to disallow capital expenditure for new distribution works.

TOD Tariff

9.17 The Commission directs that the Petitioner submits a report on assessment of ToD Tariff including consumption details of peak and off-peak periods for all HT consumers on a monthly basis along with a proposal for introduction of ToD tariff regime for specific category of consumers as a part of the MYT Tariff Petition for the next Control Period.

Compliance to RPO

9.18 The Commission had directed JKPDD-D to chalk out a comprehensive plan for fulfilment of the Renewable Purchase Obligation (RPO) and ensure compliance. In order to make the compliance with RPO targets more effective, the Commission had directed the JKPDD-D to open a separate account for meeting the annual fixed obligation of renewable energy. It was also directed that JKPDD-D shall review the position with the Nodal Agencies periodically and report the progress to the Commission. Further, the utilization of the funds created in this account shall be decided by the Utility in consultation with the Commission as per the relevant regulations. However, the Petitioner failed to comply with this directive of the Commission.

9.19 The Commission expresses serious concern over the attitude of the Petitioner. The Petitioner has failed to initiate any meaningful action to meet the RPO targets even by way of inviting competitive bids for procurement of energy from renewable sources. The Commission again directs the Petitioner to open a separate account for meeting the annual fixed obligation of renewable energy. In accordance with the provisions of RPO Regulations, the Utility shall purchase RECs to meet shortfall, if any. Further, no diversion of funds earmarked for meeting the RPO targets would be allowed by the Commission.

Demand Side Management (DSM)

9.20 The Commission notes that the Petitioner has failed to submit a detailed Demand Side Management (DSM) plan inspite of the repeated directives of the Commission in various Tariff Orders in the past. The Commission takes strong objection to non-compliance of its directive by the Petitioner.

9.21 The J&K SERC (Multi Year Distribution Tariff) Regulations, 2012 provide that the Petitioner should develop a comprehensive power purchase and procurement plan after accounting for DSM plan. Therefore, the Commission again reiterates that the Petitioner should submit a detailed DSM Plan for approval along with the Petition for approval of the Business Plan for the next Multi-year Control Period. Any failure to comply with the directive may invite penal action by the Commission.

Cost of supply studies

9.22 JKPDD was directed to conduct a study to determine actual cost of supply for each consumer category as per the methodology prescribed by this Commission in the J&K SERC (Multi Year Distribution Tariff) Regulations, 2012 and submit the report by 30th September, 2013.

9.23 The Commission again notes with concern that the Petitioner has till date not prepared a report and submitted to the Commission. The Commission again directs the Petitioner to submit a report on consumer category-wise and voltage-wise actual cost of supply including details of voltage-wise segregation of losses within one (1) year from notification of this Order.

Power System Reliability

9.24 The Petitioner is directed to compute and report monthly values of reliability/outage indices for each half-year ending March and September, to the Commission in accordance with Regulation 8.1 of JKSERC (Distribution Performance Standards) Regulations 2006. The failure of the Utility to comply with these Regulations till date has been noted with concern by the Commission.

9.25 In order to monitor compliance with service quality standards in terms of the relevant Regulations, the Petitioner is directed to approach Prayas Energy Group, Pune (NGO working in the field of power) for installing Electric Supply Monitoring (ESM) devices in various districts of the State. These devices facilitate real time web based monitoring of quality standards of power supply including power interruptions. The NGO has already installed these devices in various States and would be willing to extend the facility to the State of J&K as well. Utility can enlist the assistance of Commission in this behalf, if needed.

Setting up of CGRF

9.26 As per Sec 36 (5) of J&K Electricity Act 2010, the Utility is required to establish a forum for redressal of grievances of the consumers within six (6) months of the commencement of the Act. More than five (5) years have lapsed but the CGRF is yet to be established in the State. The Commission has since notified the Regulations for the purpose of establishment of CGRF in the year 2010 which were subsequently updated in 2012. In the course of the public hearings as well as during the SAC meeting, the stakeholders lamented that J&K State may perhaps be the only State in the country where the institutions of CGRF and Ombudsman have not been established so far and therefore no independent forum as envisaged in the Act is available for redressal of the grievances of the consumers. The consumers are left totally at the mercy of the Utility for redressal of their grievances.

9.27 The Commission, therefore, directs the Petitioner to establish CGRF as per the provisions of Sec 36 (5) of the Act and also establish Coordination Forum and District Committees as per the provisions of Sec 128 of the Act in order to provide a forum to the consumers for redressal of their grievances and to bring in efficiency and transparency in the system.

Power procurement from short term sources

9.28 The Commission directs the Utility that if there is any short term requirement of power over and above the tied up power available from long term sources as approved by the Commission and such requirement is on account of any factor beyond the control of the Licensee such as shortage/non-availability of fuel, snow capping of hydro resources inhibiting power generation in sources stipulated in the plan, unplanned/forced outages of power generating units or acts of God etc., then the Utility shall procure such short term requirement of power only through the route of competitive bidding.

CHAPTER 10: TARIFF SCHEDULE FOR FY 2015-16

Schedule 1: Domestic Supply

Applicability

10.1 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.

10.2 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 123: Approved Tariff for Domestic Supply

Description	Approved Tariff for FY 2015-16
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

Description	Approved Tariff for FY 2015-16
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 1¼ kW	725
above 1¼ kW upto 1½ kW	865
above 1½ kW upto 1¾ kW	1005
above 1¾ kW upto 2 kW	1145
above 2 kW	Rs. 1,145 + Rs.460 for every additional ¼ kW or part thereof above 2 kW

10.3 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.

10.4 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.

10.5 Any matter regarding supply to Group Housing societies should be as per the Regulations laid down in JKSERC (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

10.6 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.

10.7 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 124: Approved Tariff for Non Domestic/ Commercial Supply

Particulars	Approved Tariff for FY 2015-16
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 2015-16
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

10.8 Any matter regarding supply to Commercial Complexes with Single Point Delivery/supply should be as per the Regulations laid down in JKSERC (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

10.9 The Commission has fixed the applicability of the State/ Central Government department category to all connections including educational/technical institutions, taken by Departments of the State and the Central Governments, defence and para-military forces excluding public sector enterprises/ undertakings.

10.10 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 125: Approved Tariff for State/ Central Government Departments

Particulars	Approved Tariff for FY 2015-16
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

10.11 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 126: Approved Tariff for Agriculture Supply

Particulars	Approved Tariff for FY 2015-16
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

10.12 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 127: Approved Tariff for Public Street Lighting

Particulars	Approved Tariff for FY 2015-16
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

10.13 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 128: Approved Tariff for LT Public Water Works

Particulars	Approved Tariff for FY 2015-16
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

10.14 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 129: Approved Tariff for HT Public Water Works

Particulars	Approved Tariff for FY 2015-16
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

10.15 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.

10.16 LTIS II shall be applicable to “Atta Chakkis, Rice huskers, Oil expellers, cotton grinning” in rural and unorganized sector having load upto 15 HP (11.19 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 130: Approved Tariff for LT Industrial Category

Particulars	Approved Tariff for FY 2015-16
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 and having load up to 15 HP	
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

10.17 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. 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 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 131: Approved Tariff for HT Industrial Category

Particulars	Approved Tariff for FY 2015-16
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. 11.10, 11.11 and 11.12 of the Chapter 11: Terms and Conditions of Tariff /Definitions of this Order.

Schedule 10: HT Industrial Supply for Power Intensive Industries

Applicability

10.18 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 132: Approved Tariff for HT Industrial Supply for Power Intensive Industries

Particulars	Approved Tariff for FY 2015-16
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. 11.10, 11.11 and 11.12 of the Chapter 11: Terms and Conditions of Tariff /Definitions of this Order.

Schedule 11: General Purpose Bulk Supply

Applicability

10.19 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.

10.20 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 133: Approved Tariff for General Purpose Bulk Supply

Particulars	Approved Tariff for FY 2015-16
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. 11.10, 11.11 and 11.12 of the Chapter 11: Terms and Conditions of Tariff /Definitions of this Order.

Schedule 12: LT and HT Temporary Connections

Applicability

10.21 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

10.22 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

10.23 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.

CHAPTER 11: TERMS AND CONDITIONS OF TARIFF/ DEFINITIONS

11.1 The terms and conditions for application of tariff for the FY 2015-16 as approved by the Commission are provided below.

Terms and Conditions of Tariff

11.2 The utility shall provide single phase LT connections upto a load of 5 kW, beyond which all connections shall be three phase in nature.

11.3 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

11.4 The tariff will be applicable to one point supply unless otherwise specified in the agreement between JKPDD and the consumer.

Minimum Agreement Period

11.5 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

11.6 All matters regarding Security Deposits will be as per JKSERC (Security Deposit) Regulation, 2008.

11.7 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;

(a) L.T. and H.T. Consumers – for two months;

(b) 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;

(c) The State/ Central Government / local bodies consumers shall be exempt from payment of the security deposit;

11.8 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

11.9 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

11.10 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*

11.11 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.

11.12 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

11.13 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.

Power Factor Control

11.14 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 134: 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

11.15 All such consumers shall be levied a surcharge at 10% on the energy charge (metered or flat), till they have installed the required capacitors.

11.16 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.

11.17 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

11.18 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.

11.19 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

11.20 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

11.21 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.

11.22 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

11.23 A consumer, whose cheque has been dishonoured, shall have to make payments either in cash or demand draft.

11.24 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

11.25 Resale of power should be as per the Provisions in the JKSERC (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

11.26 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

11.27 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

11.28 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.

11.29 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.

11.30 In order to encourage consumers to switch over to solar water heating systems, the Commission proposes to introduce a monthly rebate of Rs.150.00 for all metered consumers who have installed such solar heating systems with a minimum capacity of 100 litres for meeting their requirement of hot water. To avail this rebate the consumer will be required to give the 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 regularly to meet such heating requirements.

11.31 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

11.32 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.

11.33 In case of domestic consumers load of geysers plus heaters or of air conditioners without heaters whichever is higher is to be considered.

11.34 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

11.35 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

11.36 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

11.37 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

11.38 Demand Charges shall mean the amount chargeable based upon the billing demand as defined in the relevant tariff schedule.

Average Power Factor

11.39 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.

CHAPTER 12: SCHEDULE OF MISCELLANEOUS CHARGES

Table 135: Approved Schedule of miscellaneous charges for FY 2015-16

Sl. No	Description	Units	Approved Charges for FY 2015-16
1	**For single phase and three phase connection upto 5 kW**		
1.a	*Changing Meter Board in same premises.*	Rs	80
1.b	*Changing Meter at Consumers request in same premises.*	Rs	80
1.c	*Resealing PDDs cut-out in Consumers premises.*	Rs	25
2	**Re –sealing of Meters, Maximum Demand Indicators in Consumers premises**		
2.a	*Single Phase LT Connection.*	Rs	100
2.b	*Three phase LT Connection*	Rs	150
2.c	*HT Connection*	Rs	850
3	**Meter Testing charge at Consumers request**		
3.a	*Single phase LT Meter.*	Rs	60
3.b	*Three phase 4W/3W Meter without CT.*	Rs	100
3.c	*Three phase 4W/3W Meter with CT*	Rs	350
3.d	*LT CT Meter*	Rs	200
3.e	*HT Meter along with metering equipment (CT/PT).*	Rs	1200
4	**Special meter reading**		
4.a	*LT Connection*	Rs	30
4.b	*HT Connection*	Rs	250
5	**Replacement of burnt Meter** (if burnt due to Consumers fault)	Rs	Cost of Meter+15% supervision charges
6	**Fuse Off call charges-Replacement**		
6.a	*PDD's cut out fuse*	Rs	25
6.b	*LT Consumers fuse*	Rs	25
7	**Replacement of missing Meter card**	Rs/Card	15
8	**Replacement of broken glass of Meter**	Rs/Glass	40
9	**Reconnection/disconnection charges**		
9.a	*LT Consumers*	Rs	50
9.b	*HT Consumers*	Rs	250
10	**Rechecking of installation on request of Consumer**		
10.a	*Single phase*	Rs	100
10.b	*Three phase*	Rs	250
11	**Re-rating of equipment**	Rs/ Equipment	120
12	**Supervision charge for Service Connection**(if service line laid by Consumer through licensed Contractor)		
12.a	*Single phase LT connection*	Rs	200
12.b	*Three phase LT connection*	Rs	450
12.c	*Loop LT connection*	Rs	120
13	**Parallel Operation charge for availing Grid support by CPP**	Rs/kVA per month	As per JKSERC Regulations

Sl. No	Description	Units	Approved Charges for FY 2015-16
		on the installed capacity of CPP	
14	**Shifting of connection**	Rs	Actual material cost+15% supervision charge
15	**Hiring of Utility's plant and equipment**		
15.a	*For initial hire agreement period*	Rs	1% pm on current schedule of rates
15.b	*For subsequent period of hire agreement*	Rs	Twice of 15.a
15.c	*For LT consumers(more than 100 HP) converting to HT*	Rs	Same as 15.a & 15.b
16	**Transfer of Name**		
16.a	*LT*	Rs	120
16.b	*HT*	Rs	600
17	**Booklet for HT/LT Tariff**	Rs	25
18	**Connection/disconnection charges for temporary connection**		
18.a	*LT temporary connection*	Rs	150
18.b	*HT temporary connection*	Rs	700

ANNEXURES

Annexure 1: List of participants in State Advisory Committee Meeting

List of participants in State Advisory Committee held on 29th July, 2015 at Sher-i-Kashmir, International Convention Centre (SKICC), Srinagar under the chairmanship of Sh. Basharat Ahmad Dhar, Chairman JKSERC has been summarised in following table.

Table 1: List of participants in SAC meeting

S.No.	Name of the Member/Officers	Department/Organization
MEMBERS OF THE STATE ADVISORY COMMITTEE (SAC), JKSERC		
1.	Sh. Saurabh Bhagat	Secretary, Consumer Affairs and Public Distribution Department & TA
2.	Sh. P.I. Khateeb	Transport Commissioner, Govt. of J&K, Sgr.
3.	Sh. M. Harun	Director, Agriculture Department, Srinagar
4.	Dr. Aijaz Ahmad	Prof. & HOD, EE Dept. NIT Srinagar
5.	Maj. Gen. Goverdhan Singh Jamwal	President, J&K Ex-Services League & J&K Paryavaran Sanstha
6.	Sh. Rakesh Gupta	President, Chamber of Commerce & Industries (CCI)
7.	Sh. Mohd. Ashraf Mir,	President, Federation Chamber of Industries, Kashmir (FCIK).
8.	Sh. Lalit Mahajan	President, Bari Brahmana Industries Association, Jammu.
9.	Sh. Sheikh Ashiq Ahmad,	President, Kashmir Chamber of Commerce and Industry, Srinagar.
SPECIAL INVITEES		
10.	Sh. D.S. Pawar	Ex. Hon'ble Member (T), JKSERC
11.	Sh. Shafat Sultan	CEO, JAKEDA, Srinagar
OFFICERS OF JKSERC		
12.	Sh. R.K.Seli	Technical Consultant, JKSERC
13.	Sh. Abdul Hamid	Secretary, JKSERC
14.	Sh. V.K. Sarngal	Supdtt. Engineer, JKSERC
15.	Smt. Villy Kaul	Dy. Secretary Law, JKSERC
16.	Sh. Ram Krishan Sharma	Accounts Officer, JKSERC
17.	Sh. Aayush Mahajan	Consultant, PwC
OFFICERS/REPRESENTATIVES OF JKPDD		
18.	Sh. Ajay Gupta	Chief Engineer, EM & RE, Jammu
19.	Sh. Sheikh Gul Ayaz	Chief Engineer, System & Operation Wing, PDD, Srinagar.
20.	Smt. Shahnaz Goni	Chief Engineer, Commercial & Survey Wing, PDD, J&K, Srinagar
21.	Sh. B. A. Khan	Chief Engineer, EM & RE, Kashmir
22.	Sh. Khurshid Ahmad Badoo	Chief Engineer, P&MM Wing, PDD, Srinagar
23.	Sh. Ravi Chanyal	Chief Engineer, System & Operation Wing, PDD, Jammu.
24.	Sh.Nasib Singh	SE, Commercial & Survey Wing, PDD, J&K, Srinagar
25.	Sh. Azhar Vakil	AEE, DCP Office , PDD, Srinagar
26.	Sh. Mohammad Ramzan	AE, DCP Office , PDD, Srinagar
27.	Sh. Amardeep Koul	J.E., Secretary Technical Office, PDD, Srinagar
28.	Sh. Mirza Kumal Hassan	J.E., DCP Office , PDD, Srinagar
29.	Sh. Gaurav Lohani	Consultant, JKPDD
OTHER PARTICIPANTS		
30.	Sh. Subash Chander Raina	Under Secretary, CAPD, Srinagar

S.No.	Name of the Member/Officers	Department/Organization
31.	Sh. Mushtaq Ahmad Wani	Sr. Vice President, KCC&I, Residency Road, Sgr.
32.	Sh. Afaq Qadri	Sr. Vice President, FCIK, Srinagar

Annexure 2: List of stakeholders who responded to the public notice

Table 1: List of objectors

S.No.	Objector
1.	Lalit Mahajan, President, Bari Brahmana Industries Association(Regd.)
2.	CP Gupta, Chairman, On behalf of Confederation of Indian Industry
3.	Sh. Sajit Mohammad Tramboo, Umer Hair Lane No 3, H No 61, Buchpora, Srinagar

Annexure 3: List of participants in Public Hearings

Table 1: Participants at Hearing held on 22nd July, 2015 at PWD Guesthouse, Gandhinagar, Jammu

S.No.	Name	Department/Organization
JKSERC		
1.	Shri Basharat Ahmad Dhar	Hon'ble Chairman, JKSERC
2.	Shri R.K. Seli	Technical Consultant, JKSERC
3.	Shri Abdul Hamid	Secretary, JKSERC
4.	Shri V.K. Sarngal	Supdtt. Engineer, JKSERC
5.	Smt. Villy Kaul	Dy. Secy. (Law), JKSERC
6.	Shri Ram Krishan Sharma	Accounts Officer, JKSERC
7.	Shri Aayush Mahajan	Consultant (PwC), JKSERC
J&K PDD		
8.	Shri Ajay Gupta	Chief Engineer, M&RE, Jammu.
9.	Smt. Shahnaz Goni	Chief Engineer, Commercial and Survey Wing, J&K .
10.	Shri Nasib Singh	S.E., Commercial & Survey Circle, Jammu.
11.	Shri K.K. Raina	S.E., Planning and Design, (PDD) Jammu.
12.	Shri Md. Sadiq Azad	XEN, Commercial Division, JKPDD, Jammu
13.	Shri Azhar Vakil	AEE, DCP office.
14.	Shri Rohit Bhagotra	AEE, SLDC, (PDD).
15.	Shri Anil Dhar	A.E., PDD, DCP office, J&K.
16.	Shri Amardeep Koul	J.E. JKPDD, DCP Office, Srinagar.
17.	Shri Siddharth Mehta	Consultant [Medhaj Techno Concept Pvt. Ltd.], JKPDD.
OTHER PARTICIPANTS		
18.	Shri Lalit Mahajan	President, BBIA, Jammu.
19.	Shri Annil Suri	Entrepreneur/Consumer, Bari Brahmana, Jammu.
20.	Shri Viraaj Malhotra	Treasurer, BBIA, Jammu.
21.	Shri Ankush Chandel	C/o Shri Sumit Sethi, BBIA, Jammu.
22.	Shri Vinod Khajuria	Retd. CE (PDD)/Consumer, Jammu.
23.	Shri Chaman Lal Pandita	Chenab Textiles Mills, Kathua (J&K).
24.	Shri Surinder Pal Singh	Head CII, J&K State Office, Gandhi Nagar, Extn. B-11/11, Jammu.
25.	Shri Amarpreet Singh	Executive Officer CII, Gandhi Nagar, Extn. B-11/11, Jammu.
26.	Shri Kapil Mahajan	Member CII, Darbargarh, Road, Jammu.
27.	Shri Inderpreet Singh	Sr. Manager, Vodafone Ltd. , Bachetar Complex, Jammu.
28.	Shri Ashok Thakur	AM Vodafone, Bahu Plaza, Jammu.
29.	Shri Naveen Joshi	Energy Manager, Bharti Infratel Ltd. Bahu Plaza, TRG, Jammu.
30.	Shri Unique Sharma	Head Legal Regulatory Corporate Affairs (J&K), Bharti Infratel Ltd., Bahu Plaza, Jammu
31.	Shri Mrinal Mahajan	Representative, Bharti Infratel Ltd., Jammu
32.	Shri Raja Banman	LBG, PMA Consultant of R-APDRP, 680-E, Sainik Colony, Jammu
33.	Shri Sameer Kumar Nayak	Manager, LBG, 680-E, Sainik Colony, Jammu
34.	Shri Jagdish Raj	Admin HR Head, Bari Brahman Industries Association,
35.	Shri Chander Vadan	Company Secretary , Professional, Jammu

Table 2: Participants at Hearing held on 25th July, 2015 at IMPA, MA Road, Srinagar

S. No.	Name	Department/ Organisation
JKSERC		
1.	Shri Basharat Ahmad Dhar	Hon'ble Chairman, JKSERC
2.	Shri R.K.Seli	Technical Consultant, JKSERC
3.	Shri Abdul Hamid	Secretary, JKSERC
4.	Shri V.K. Sarngal	Supdtt. Engineer, JKSERC
5.	Shri Ram Krishan Sharma	Accounts Officer, JKSERC
6.	Shri Tanudeep Mallick	Senior Consultant (PwC), Consultant, JKSERC
J&K PDD		
7.	Shri Sheikh Gul Ayaz	Chief Engineer, System and Operation, Kashmir
8.	Smt. Shahnaz Goni	Chief Engineer, Commercial and Survey Wing, J&K .
9.	Shri B.A. Khan	Chief Engineer, EM&RE, Kashmir
10.	Shri Nasib Singh	SE, C&S Circle, PDD
11.	Shri. Hashmat Qazi	S.E., Cr-II, PDD, Srinagar
12.	Shri Mohammad Yousuf Baba	XEN, ED-II, PDD, Srinagar
13.	Shri Hamidullah Wani	XEN STD-II, PDD, Srinagar
14.	Shri Azhar Vakil	AEE, DCP Office, JKPDD.
15.	Shri Amardeep Koul	J.E., PDD
16.	Shri Malik Massarat	J.E. PDD
17.	Shri Sheikh Javaid	J.E, PDD
18.	Shri. S.S. Mehta	Consultant, JKPDD
SCIENCE AND TECHNOLOGY DEPARTMENT		
19.	Shri Abdul Majid Bhat	Science and Technology, Srinagar
STAKEHOLDERS/OTHER PARTICIPANTS		
20.	Shri Afaq Qadri	Sr. Vice President, FCIK , Srinagar
21.	Shri Ashraf Mir	President, FCIK, Kashmir
22.	Shri Mukhmoor Gowhar	Sr. Vice President, Kashmir Printers Association.
23.	Shri G.M. Dug	President, Kashmir Hotel & Restaurant Owners Federation, Kashmir
24.	Shri Faiz Bakshi	Joint Secretary General, Kashmir Chamber of Commerce, Srinagar
25.	Shri Nazir Ahmad Sheikh	Secretary General FCIK, Srinagar
26.	Shri Mohammad Yousaf Tichoo	Vice President, FCIK Soura, Srinagar
27.	Shri Masood Ahmad Makhdoomi	Vice President, Kashmir Printers Association
28.	Shri Javeed Bhat	President, Industries Association, Sopore.
29.	Shri Suhail Jeelani	AM, Vodafone, Srinagar
30.	Shri Rayees Hakak	AM, Vodafone, Srinagar
31.	Shri Fareed Ahmed Khan	Consumer, Ganderbal
32.	Shri Abdul Rashid Kumar	Consumer Naider Gound, Hyderpora, Srinagar
33.	Shri Arshid Ali Malik	Consumer, Mattipora, District Baramulla.
34.	Shri Altaf Hussain	Consumer, Mattipora, District Baramulla.
35.	Shri Nisar Ahmad	Consumer, Banihal
36.	Shri. Abdul Hamid Baba	Consumer
37.	Shri K.K Pandita	Consumer
38.	Shri Babu Ram	Consumer