

# **DELHI ELECTRICITY REGULATORY COMMISSION**

Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 110017

## **Petition No. 18/2007**

### **In the matter of:**

Approval of Provisional Wheeling Charges for the Financial Year 2007-08 to be recovered by Delhi Transco Limited for the power being supplied to the Distribution Licensees including the Deemed Licensees in National Capital Territory of Delhi.

### **AND**

### **In the matter of:**

Delhi Transco Limited  
Shakti Sadan, Kotla Road  
New Delhi – 110 002.

**...Petitioner**

### **VERSUS**

1. Chief Executive Officer  
North Delhi Power Ltd.  
33KV Sub-Stn. Bldg.  
Hudson Lane, Kingsway Camp  
New Delhi – 110 001.
2. Chief Executive Officer  
BSES Rajdhani Power Ltd.  
BSES Bhawan, Nehru Place  
New Delhi – 110 019.
3. Chief Executive Officer  
BSES Yamuna Power Ltd.  
Shakti Kiran Bldg.  
Karkardooma, Delhi.
4. Engineer-in-Chief  
MES, Kashmir House  
DHQ (P.O.)  
New Delhi – 110 011.
5. Secretary  
NDMC, Palika Kendra  
Sansad Marg  
New Delhi

**...Respondents**

### **Coram:**

**Sh. Berjinder Singh, Chairman, Sh. K. Venugopal, Member &  
Sh. R. Krishnamoorthy, Member.**

## **ORDER**

(Date of Order: 09.05.2007)

In exercise of the powers conferred under Section 60 read with Sections 15 and 16 of the Delhi Electricity Reform Act (DERA), 2000, the Government of NCT of Delhi notified the Transfer Scheme Rules on the 20<sup>th</sup> of November, 2001, which paved the way for unbundling of the erstwhile Delhi Vidyut Board (DVB) into two Generation Companies (GENCOs), a Transmission Company (TRANSCO) and three Distribution Companies (DISCOMs) by the name of Central-East Delhi Electricity Distribution Company Limited, South-West Delhi Electricity Distribution Company Limited and North-North West Delhi Electricity Distribution Company Limited. In addition, a Holding Company by the name of Delhi Power Company Limited was also created and registered under the Companies Act, 1956, with the principal objective of holding shares in GENCO, TRANSCO and DISCOMs and the liabilities of the Board. In a subsequent Notification of the Government of NCT of Delhi of 26<sup>th</sup> June 2002, the Transfer Scheme Rules were made effective from 1<sup>st</sup> of July 2002. The three DISCOMs were rechristened as BSES Yamuna Power Ltd. (BYPL), BSES Rajdhani Power Ltd. (BRPL) and the North Delhi Power Ltd. (NDPL). The transmission assets of DVB were transferred to the Delhi Transco Limited (DTL) which was entrusted with the business of procurement, transmission and bulk supply of electrical energy within the geographic area in the National Capital Territory of Delhi. Thereafter, the Government of NCT of Delhi had vide Notification dated 21<sup>st</sup> March, 2003, designated DTL as the State Transmission Utility (STU) for the National Capital Territory of Delhi.

2. Subsequently, the Electricity Act, 2003, was enacted in June, 2003 and Sections 39 and 41 of the Electricity Act 2003 forbid the Transmission Utility to engage in trading of power. However, the Policy Directions issued by the Government of NCT of Delhi under DERA, 2000, as mentioned above, were saved by Section 185(2)(e) of the Electricity Act, 2003, and DTL could continue to engage in the function of bulk supply to the distribution companies for the period for which the directives were issued. Since the validity of the Policy Directions issued by the Government of NCT of Delhi was till the 31<sup>st</sup> of March 2007, the Power Purchase Agreements (PPAs) were to be reassigned in favour of the DISCOMs.

3. In the context of reassignment of PPAs, the Government of NCT of Delhi had on 28<sup>th</sup> of June 2006 issued Policy Directions to the Commission which, inter-alia, stated that the responsibility for arranging supply of power in the National Capital Territory of Delhi shall rest with the Distribution Companies with effect

from 1<sup>st</sup> April, 2007 as per provisions of the Electricity Act, 2003 (36 of 2003) and also the National Electricity Policy. It was further stated that with effect from 1<sup>st</sup> April, 2007, the Delhi Transco Limited (DTL) will be engaged in only wheeling of power and operation of the State Load Dispatch Centre (SLDC) as per mandate of the Govt. of National Capital Territory of Delhi. The Commission was to reassign the PPAs accordingly and this stand was reiterated by the Government of NCT of Delhi in the subsequent communication of 30<sup>th</sup> March, 2007. Consequent to that, the Commission had issued its Order dated 31<sup>st</sup> March, 2007 in the matter of Reassignment of Power Purchase Agreements (PPAs) to the Distribution Licensees including the deemed licensees in the NCT of Delhi. With the allocation of the PPAs with effect from 1<sup>st</sup> April 2007, DTL has been divested of its earlier function of bulk power procurement and would be engaged in the transmission activity only as the State Transmission Utility vested with the functions envisaged in Section 39 of the Electricity Act, 2003.

4. Till 31.03.2007, DTL was recovering its costs related to transmission and SLDC activity as part of the Bulk Supply Tariff (BST) approved by the Commission in the respective Tariff Orders. The DTL has, therefore, filed the present petition for approval of provisional wheeling charges for the FY 2007-08 till such time Tariff Orders are issued by the Commission for 2007-08 under the Multi Year Tariff (MYT) regime. In this petition, DTL has submitted the details of provisional expenses excluding power purchase cost for FY 2006-07 and FY 2007-08 as summarised in the Table below:

*(All figures are in Rs. Crore)*

<b>S. No.</b>	<b>Description of Expenditure</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>
1	Employees costs	51.18	49.98
2	Administration and General Expenses	11.50	11.42
3	Repairs and Maintenance	16.87	18.55
4	Interest on loans from sources approved by the Government	55.79	74.01
5	Depreciation	34.42	39.45
6	Reasonable Return	44.03	66.29
7	Other Expenses (contingency reserve)	2.36	5.00
<b>TOTAL EXPENDITURE</b>		<b>216.15</b>	<b>264.70</b>

As per the petition, the final figures shall be submitted while filing petition for truing-up of FY 2006-07 and determination of wheeling charges on final notification of Multi Year Tariff (MYT) Regulations.

5. The figures of expenses projected by DTL for the transmission services have been analysed with corresponding figures considered by the Commission in the Tariff Order for FY 2006-07. It has been noted that an amount of Rs. 190.44 Crore was allowed by the Commission for FY 2006-07 vis-à-vis figure of Rs. 216.15 Crore stated in the present petition. The major difference was observed in the case of Interest and Finance charges, Depreciation and Reasonable Return which need to be explained by the Petitioner at the time of truing-up for FY 2006-07. During the hearing, GM (Commercial), DTL explained on behalf of the Petitioner that the expenses indicated in the petition are inclusive of SLDC charges. It was informed that though the accounts for SLDC activity and transmission activity of DTL are being maintained separately as per the directives of the Commission, the fixed assets are yet to be segregated. It was submitted that the transmission/wheeling charges may be allowed on provisional basis since the wheeling charges will be the only source of revenue to DTL with effect from 1<sup>st</sup> April, 2007 for discharge of the entrusted functions. During the hearing the Commission opined that for provisional charges, DTL may be allowed to bring transmission and SLDC charges in line with the annual figure of Rs. 190.44 Crore which was allowed by the Commission in the Tariff Order for FY 2006-07 after due process of consultation and Public Hearing. The Petitioner and the Distribution Licensees present during the hearing were agreeable to this suggestion.

6. In the light of the above, the Commission orders that:

- (i) The Petitioner may raise the bills for Annual Transmission Service Charges and SLDC Charges for FY 2007-08 on a provisional basis as per the figure of Rs. 190.44 Crore allowed in the Tariff Order for FY 2006-07.
- (ii) The Petitioner shall bifurcate the total expenses into SLDC charges and transmission charges with an Allocation statement for the respective activity, if separate accounts for Transmission business and SLDC business is not maintained.
- (iii) The above charges shall be recovered every month on pro-rata basis and shall be shared by all the Distribution Licensees including deemed licensees in proportion to the generating capacity allocated from the various Central Sector Generating Stations, Generating Stations within Delhi and contracted power on bilateral basis.
- (iv) The Provisional Charges so recovered shall be subject to adjustment and true-up at the time of Order for FY 2007-08. Any

adjustment shall be subject to interest/carrying cost as may be decided by the Commission in the Tariff Order for FY 2007-08.

- (v) The Petitioner shall further segregate the fixed assets between the transmission and SLDC activities. The details in this regard shall be furnished in the petition to be filed for determination of final transmission and SLDC Charges for FY 2007-08.

7. Ordered accordingly.

Sd/-  
(K. Venugopal)  
MEMBER

Sd/-  
(R. Krishnamoorthy)  
MEMBER

Sd/-  
(Berjinder Singh)  
CHAIRMAN