**Reply to 2nd Information Requirement / Discrepancies / Data Gaps in the Petition Nos. 1945 - 2023**
**Dated:- February 23 , 2023**

**of**

**True-Up (FY 2021-22), Annual Performance Review (FY 2022-23), Aggregate Revenue Requirement (FY 2023-24)**

**of**

**MVVNL (1945 of 2023)**

1. The Petitioners to provide justification why there is an abnormal trend in Billing Determinants for FY 2021-22 vis-à-vis FY 2020-21 in the following consumer categories:

   - LMV-1 category (Life Line Consumers (both Rural and Urban) (up to 100 kWh/month), Dom: Rural Schedule (unmetered), Dom: Rural Schedule (metered) other than BPL, Dom: Supply at Single Point for Bulk Load)
   - LMV-3: Public Lamp (Unmetered – Gram Panchayat and Metered)
   - LMV-5: Private Tube Wells/ Pumping Sets (PTW: Rural Schedule unmetered and metered)

   **Response:**

   - LMV-1 category (Life Line Consumers (both Rural and Urban) (up to 100 kWh/month), Dom: Rural Schedule (unmetered), Dom: Rural Schedule (metered) other than BPL, Dom: Supply at Single Point for Bulk Load)

     **For Lifeline consumers**

     It is submitted that under the Saubhagya Yojana, the Petitioner has added substantial number of Lifeline consumers at LT network. These consumers were small consumers which were qualified under tariff sub-category "Lifeline consumers". These consumers which are flagged under different LMV-1 sub-categories were reclassified during the financial year FY 2021-22 and same was submitted before the Commission along with last submission with detailed justification. The consumers having 1 kW load and consumption upto 100 units are covered in Life line category and any change in this criteria will result in change of sub category / slab of such consumers. This is a dynamic situation which may keep on changing on monthly basis.

     It is further submitted that the abnormality observed by the Commission in data for FY 2021-22 viz-a-viz FY 2020-21 under this category is mainly due to dynamic nature of all consumers 1kW load and consumption upto 100 units under lifeline category.

   - LMV-3: Public Lamp (Unmetered – Gram Panchayat and Metered)

     It is submitted that the abnormal trend under unmetered gram panchayat and metered gram panchayat as observed by the Hon'ble Commission is due to the migration of unmetered connection to metered connection. It is further submitted that the Petitioner has taken various initiatives for the sanitization of street lighting connections under LMV-3 along with local urban bodies. Street light connection points are re-verified and updated in the database. Further, the increase in LMV-3 consumers is being recorded in some discoms due to electrification of new/rural areas.

- LMV-5: Private Tube Wells/ Pumping Sets (PTW: Rural Schedule unmetered and metered)

  It is submitted that as per the directions of the Hon'ble Commission, Discoms prefers to release new LMV-5 connections under metering arrangement. Therefore, some increase in metered LMV-5 consumers is observed.

2. DVVNL to explain, whether the distribution losses claimed for FY 2021-22 are inclusive of distribution losses of distribution franchisee (Torrent Agra). If yes, then why not the energy sold to consumer instead of energy sold to distribution franchisee shall be considered in claimed energy sales for FY 2021-22.

**Response:**

This query does not pertain to MVVNL.

3. The total investment during the year is not consistent with the Audited Accounts of FY 2021-22. Petitioners shall submit the reconciliation of investment during the year with the Audited Accounts for FY 2021-22.

**Response:**

It is submitted that FY 2021-22 is a true up year and capitalisation is considered as per the balance sheet as such the Commission is requested to consider the investment in "Other Schemes" as Rs. 2216.16 crore in FY 2021-22. Table 2.21 of the Petition is reproduced as under: -

| **Particulars** | **FY 2021-22** | |
|---|---|---|
| **Scheme wise** | **Investment** | **Capitalisation** |
| Other Schemes | 2216.16 | 1553.97 |
| RGGVY 12th Plan | 79.94 | 90.50 |
| RGGVY 11th Plan | 139.99 | 802.38 |
| DDUGJY | 60.50 | 494.77 |
| ADB | 105.18 | 120.50 |
| RAPDRP | 0.00 | 0.00 |
| IPDS | 87.03 | 382.37 |
| SAUBHAGYA YOJNA | 106.87 | 786.53 |
| Revamp Scheme | | |
| **Total excluding Interest and Employee Cost capitalised (A)** | **2795.67** | **4231.02** |
| Employee Cost Capitalised (B) | 278.91 | 278.91 |
| Interest Expenses Capitalised (C) | 0.00 | 0.00 |
| **Total (D= A + B + C)** | **3074.58** | **4509.93** |
| **Asset not belonging to Discoms (E)** | | |
| **Total (F= D-E)** | **3074.58** | **4509.93** |

4. KESCO to provide justification why energy sold at 132 kV system (shown in Table 2.4 of Petition: "ACTUAL DISCOM LOSSES IN LT&HT SYSTEM FOR CONTROL PERIOD FY 2021-22") is more than the energy received in such network.

**Response:**

This query does not pertain to MVVNL.

5. The calculation of Interest on Loans (Opening / Closing, Interest paid and Interest Rate) as submitted in Form F31 along with the Petition is not matching with the details given in Note 12 (for DVVNL, MVVNL, PVVNL and PuVVNL) and Note 13 (for KESCO) of the Audited Accounts for FY 2021-22. The Petitioners shall submit the reconciliation of the Interest Rate claimed and Interest Rate derived from the Audited Accounts along with the basis for such claim.

**Response:**

It is humbly submitted that the closing balances as per Note 12 (Financial Liability – Borrowing (Non-current) of the Financial Statements depict the Net outstanding loan whereas the Loan balances claimed by the Petitioner depicts the Gross actual outstanding loan which incorporates Current Maturity of Long-term borrowings as per Note-16 of Balance sheet. The reconciliation of the same is depicted below:

| Particulars | Value | Remarks |
|---|---|---|
| Net Opening outstanding Loan as per Balance sheet | 15,899.95 | Note 12 of BS |
| Add: Current Maturity of Long-term borrowings | 1,662.83 | Note 16 of BS |
| Gross Opening outstanding Loan | 17,562.78 | As claimed in para above |
| | | |
| Net closing outstanding Loan as per Balance sheet | 15,761.74 | Note 12 of BS |
| Add: Current Maturity of Long-term borrowings | 2,261.52 | Note 16 of BS |
| Gross closing outstanding Loan | 18,023.25 | As claimed in para above |

The Hon'ble Commission is requested to kindly consider revised F-31 as submitted under Annexure-I.

6. Petitioners to provide justification why depreciation / amortization on the assets created from consumer contribution / grant / subsidy is less than the past year amount given in the Audited Accounts of FY 2020-21 despite increase in the assets base created from contribution / grant / subsidy.

**Response:**

As per Note-11 of balance sheet of MVVNL for FY 2021-22 the same has been booked under Depreciation/Amortization Expenses in Note 21:

| **Depreciation/Amortization Expenses as booked in Note 21 (in Cr.)** | | |
|---|---|---|
| **Items** | **FY 2021-22** | **FY 2020-21** |
| Consumer Contribution towards capital assets | 124.65 | 120.26 |
| Subsidy towards capital assets | 17.53 | 16.71 |
| **Total Amortization** | **150.90** | **160.62** |

As such, depreciation / amortization on the assets created from consumer contribution / grant / subsidy is not less than the past year amount.

7. It is observed in Audited Accounts that PVVNL has purchased additional power of Rs 0.44 Crore from Uttar Haryana Bijli Vitran Nigam Limited and PuVVNL has purchased power of Rs. 7.95 Crore from generators. Petitioners to provide justification whether power purchased from such sources has been approved by the Commission.

**Response:**

This query does not pertain to MVVNL.

8. Numbers of smart meters installed by the Petitioners till March 2022 is not consistent with the total number of smart meters installed till March 2021 (submitted by the Petitioners in last ARR/ Tariff filing). Reason for deviation in total number of smart meters installed till March 2022 vis-à-vis March 2021 shall be provided.

**Response:**

It is submitted that the smart meter installed ending Mar-22 is as under: -

| Discom | Installed till March 2022 |
|---|---|
| MVVNL | 3,78,862 |

Further, it is submitted that no progress is recorded during Mar-21 and Mar-22.

9. It is observed that Indexation factors applied ion the trued up value of FY 2019-20 (as claimed by the Petitioners in Petition) is not appropriate which is resulting inappropriate calculation of R&M and A&G expenses for FY 2020-21 and subsequently for ensuing years as well. The Petitioners (except DVVNL) shall provide detailed calculation for arriving R&M and A&G expenses for FY 2021-22 and for ensuing year as well, in the format given below.

| Particulars | FY 2019-20 | | FY 2020-21 | | FY 2021-22 | | FY 2022-23 | | FY 2023-24 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | Index | Amount | Index | Amount | Index | Amount | Index | Amount | Index |
| R&M Expenses | | | | | | | | | | |
| A&G Expenses | | | | | | | | | | |

**Response:**

| Particulars | FY 2019-20 | | FY 2020-21 | | FY 2021-22 | | FY 2022-23 | | FY 2023-24 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Amount | Index | Amount | Index | Amount | Index | Amount | Index | Amount | Index |
| R&M Expenses | 367.33 | | 386.99 | 5.35% | 396.35 | 2.42% | 417.44 | 5.32% | 451.46 | 8.15% |
| A&G Expenses | 306.12 | | 322.51 | 5.35% | 330.30 | 2.42% | 347.88 | 5.32% | 376.24 | 8.15% |

***Note- The above representation does not have impact on amount claimed under respective item of expenses.***

10. The DBST rate considered by the Petitioner for calculation of power purchase cost for FY 2022-23 in Table 3-7 is not consistent with the rate given in the Table 3-6 of the Petition. Petitioners (except MVVNL) shall provide justification for such abnormality.

**Response:**

It is submitted that table 3.6 as submitted under MVVNL Petition is correct and also represents DBST for all the Discoms. For the computation of power purchase cost, Discoms have considered DBST as mentioned in the Table 3.7. which is same as under table 3.6 of MVVNL Petition. The same is reproduced herein for kind consideration of Hon'ble Commission.

| S.No. | Particulars | Formulae | DVVNL | PVVNL | PuVVNL | MVVNL | KESCO | Total |
|---|---|---|---|---|---|---|---|---|
| 1 | Revenue from Tariff including subsidy (Rs Cr) | A | 12,045.33 | 21,617.17 | 15,473.52 | 13,875.90 | 3,161.67 | 66,173.58 |
| 2 | Energy Sales (MU) | B | 21,304.05 | 33,430.07 | 26,048.94 | 22,844.07 | 3,979.14 | 1,07,606.27 |

| S.No. | Particulars | Formulae | DVVNL | PVVNL | PuVVNL | MVVNL | KESCO | Total |
|---|---|---|---|---|---|---|---|---|
| **3** | **Power Procurement Cost** | | | | | | | |
| A1 | Power Procurement Cost – Allocated and Unallocated PPAs (Rs Cr) | | | | | | | 61,314.54 |
| A2 | Inter State Transmission Charges (Rs Cr) | | | | | | | 3366.84 |
| A1+A 2 | Total Power Procurement Cost excluding intra state Transmission Charges (In Rs Cr) | C | | | | | | 64681.38 |
| 4 | Power Procurement cost of Allocated PPAs (Rs Cr) | D | 2464.20 | 4710.68 | 2583.82 | 2583.82 | 179.18 | 12,521.71 |
| 5 | Total Power Required at Discom Periphery (MU) | E | 26,646.71 | 39,418.45 | 31,605.32 | 27,593.34 | 4,349.96 | 1,29,613.78 |
| 6 | Power at Discom Periphery from allocated PPAs (MU) | F | 5903.25 | 11963.56 | 6014.55 | 6014.55 | 461.88 | 30,357.79 |
| 7 | Other Cost (Intra State Transmission, O&M, Interest, Dep etc.) ( Rs. Cr.) | G | 3,756.55 | 4,201.56 | 4,456.31 | 3,998.11 | 611.07 | 17,023.60 |
| 8 | ABR (Rs/ Unit) | H=(A/B)*10 | 5.65 | 6.47 | 5.94 | 6.07 | 7.95 | 6.15 |
| 9 | Other Cost (Rs/Unit of Sale) | I=G*10/B | 1.76 | 1.26 | 1.71 | 1.75 | 1.54 | 1.58 |
| 10 | Power Purchase Rate | | | | | | | |
| A | Allocated PPAs per unit of sale (Rs/unit) | J=D*10/B | 1.16 | 1.41 | 0.9919 | 1.13 | 0.45 | 1.16 |
| B | Unallocated PPAs per unit of sale | K=(C-Total PP at "D")*10/Total Sale at"B" | 4.85 | | | | | |
| 11 | Revenue available for unallocated PPAs (Rs./unit of sale) | L=H-I-J | 2.73 | 3.80 | 3.24 | 3.19 | 5.96 | 3.40 |
| 12 | Power Purchase Allocation (per unit of sale) "K" in the ratio of available Revenue "L" | M | 3.89 | 5.41 | 4.610 | 4.55 | 8.49 | 4.85 |
| 13 | Total Power Purchase cost per unit of sale including allocated PPAs | N=J+M | 5.05 | 6.82 | 5.602 | 5.68 | 8.94 | 6.01 |
| 14 | Total Power Purchase Cost (Rs Crs) | O=N*B/10 | 10,758.56 | 22,802.84 | 14,593.19 | 12,970.64 | 3,556.15 | 64,681.38 |
| | **DBST (Rs/Unit)** | | | | | | | |
| 15 | DBST Computation of Allocated PPAs | P= D/FX10 | 4.17 | 3.94 | 4.30 | 4.30 | 3.88 | 4.12 |
| 16 | DBST Computation of Unallocated PPAs | Q=M*B/(E-F) | 4.00 | 6.59 | 4.69 | 4.81 | 8.69 | 5.26 |
| 17 | DBST of total PPAs | R=O*10/E | 4.04 | 5.78 | 4.62 | 4.70 | 8.18 | 4.99 |

***Note- The above representation does not have impact on cost of power purchase claimed under table 3.7.***