



ಕರ್ನಾಟಕ ರಾಜ್ಯಪತ್ರ

ಅಧಿಕೃತವಾಗಿ ಪ್ರಕಟಿಸಲಾದುದು

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ಸರ್ಕಾರದ ಆಯಾ ಇಲಾಖೆಗಳ ಮುಖ್ಯಸ್ಥರ ಮತ್ತು ಸ್ಥಳೀಯ ಪ್ರಾಧಿಕಾರಿಗಳಿಗೆ
ಸಂಬಂಧಿಸಿದ ಅಧಿಸೂಚನೆಗಳು

KARNATAKA ELECTRICITY REGULATORY COMMISSION

No.16 C-1, Miller Tank Bed Area, Vasanth Nagar, Bengaluru-560 052.

NOTIFICATION

No. DD(Tariff)/2023-24/FTS-1345/ 252, Dated 24th June 2024

Karnataka Electricity Regulatory Commission (Multi Year Transmission, Distribution and Retail Supply Tariff) Regulations, 2024.

PREAMBLE:

- 1) The Karnataka Electricity Regulatory Commission, had notified the KERC (Tariff) Regulations, 2000 on 9th June, 2000, in exercise of the powers conferred under Section 56 of The Karnataka Electricity Reform Act, 1999 (Act No.25 of 1999),
- 2) The Karnataka Electricity Regulatory Commission, in exercise of the powers conferred under Section 61 read with Section 181 of the Electricity Act 2003 (No. 36 of 2003), had notified the KERC (Terms and Conditions for Determination of Tariff for Transmission of Electricity) Regulations, 2006 and KERC (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006 on 31st May, 2006;
- 3) The Forum of Regulators (FOR) has finalized the "Model Regulation for Multi Year Distribution Tariff" and communicated the same to all SERCs / JERCs vide their letter No.FOR-15 / 2 (84th meeting) / 2022-CERC dated.20.04.2023. These Model Regulations prescribe the procedure and norms for determination of tariff in respect of each of the financial years of the Control Period, at the beginning of the Control Period itself. This

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would facilitate the electricity consumers to know the financial implications on account of electricity charges, beforehand for their future planning. Determination of tariff for each of the Control period, beforehand, would also ensure tariff certainty to the consumers;

- 4) In this background, the Commission has considered it fit to consolidate the existing **“Tariff Regulations”** and **“Terms and Conditions for Determination of Tariff for Transmission and Distribution and Retail Sale of Electricity Regulations”** into one comprehensive Regulation so as to have one Regulation for determination of tariff relating to Transmission, Distribution and Retails Supply Business;
- 5) Accordingly, in exercise of the powers conferred under Section (1) of Section 181 and clauses (zd), (ze) and (zf) of Sub-section (2) of Section 181, read with sections 61, 62 and 86 of the Electricity Act, 2003 (No. 36 of 2003) and all other powers enabling it in that behalf, the Karnataka Electricity Regulatory Commission hereby notifies the Draft of Karnataka Electricity Regulatory Commission (Multi Year Transmission, Distribution and Retail Supply Tariff) Regulations, 2023;
- 6) The Commission had issued draft Regulations on MYT during September-2023, inviting comments from the stakeholders. The Commission has received seventeen number of written comments from different stakeholders including the KPTCL and ESCOMs.
- 7) The Commission also held a public hearing on 25.10.2023 number of stakeholders participated in the hearing and expressed their views/ suggestions.
- 8) After considering the written and oral comments/ suggestions/ objections from the stakeholders, the Commission has finalised these Regulations.

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PART-I

PRELIMINARY

1. Short Title and Commencement:

- 1.1 These Regulations shall be called “**The Karnataka Electricity Regulatory Commission (Multi Year Transmission, Distribution and Retail Supply Tariff) Regulations, 2024**”.
- 1.2 These Regulations shall come into force from the date of their notification in the Official Gazette.

2. Scope of the Regulations:

- 2.1 The Commission shall determine the Aggregate Revenue Requirement, Tariff and Charges, including terms and conditions thereof, in accordance with these Regulations for all matters for which the Commission has jurisdiction under the Act, including the following:
 - (i) Intra-State transmission of electricity;
 - (ii) Distribution / Wheeling of electricity;
 - (iii) Retail supply of electricity by the distribution licensees/ deemed licensees;
 - (iv) SLDC Charges;
 - (v) Cross Subsidy Surcharge in addition to the charges for wheeling under the first proviso to sub-section (2) of Section 42 of the Act, in accordance with the Regulations of the Commission governing Open Access and Orders issued by the Commission;
 - (vi) Additional Surcharge for wheeling under sub-section (4) of Section 42 of the Act, as may be specified by the Commission, to meet the fixed cost of the distribution licensees arising out of its obligation to supply;

Provided that the Commission shall determine such Tariff and Charges, having regard to the terms and conditions contained in these Regulations, as may be applicable;

2.2 Notwithstanding anything contained in these Regulations, the Commission shall adopt the Tariff if such Tariff has been determined through a transparent process of bidding, in accordance with the guidelines issued by the Central Government under Section 63 of the Act;

Provided that the Petitioner shall provide such information as the Commission may require to satisfy itself that the guidelines issued by the Central Government have been duly followed;

2.3 In the case of distribution of electricity in the same area by two or more Distribution Licensees, the Commission may fix only the maximum ceiling of tariff for retail sale of electricity;

3. Definitions:

3.1 In these Regulations, unless the context otherwise requires, -

- 1) **“Act”** means the Electricity Act, 2003 (36 of 2003) and its amendments thereof;
- 2) **“Aggregate Revenue Requirement”** or **“ARR”** means the costs pertaining to the licensed business which are permitted, in accordance with the these, to be recovered from the tariffs and charges determined by the Commission;
- 3) **“Area of Supply”** means the area within which a transmission / distribution licensee is authorised by his license to transmit / supply electricity.
- 4) **“Base Year”** for the purpose of O and M Expenses, means the financial year immediately preceding the first year of the Control Period;
- 5) **“CERC”** means the Central Electricity Regulatory Commission established under Section 76 of the Act;

- 6) **“Commission”** means the Karnataka Electricity Regulatory Commission established under Section 82 of the Act;
- 7) **“Conduct of Business Regulations”** means the Karnataka Electricity Regulatory Commission (General and Conduct of Proceedings) Regulations in force from time to time;
- 8) **“Consumer / user contributions”** means any contributions, either in the form of money or non-monitory assets such as land, machinery or any rights capable of monitory valuation, made by those using or intending to use the Transmission / Distribution network of a licensee. Other works undertaken with funding received without any obligation of repayment and with no interest costs and any grant or capital subsidy received by the Licensees from any source, also be treated as Consumer / user contributions;
- 9) **“Control Period”** means a Multi-Year period comprising of three financial years commencing from FY26 or any other period as may be fixed by the Commission from time to time;
- 10) **“Distribution / Wheeling Business”** means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of the distribution licensee;
- 11) **“Financial Year (FY)”** means a period commencing on 1st April of a calendar year and ending on 31st March of the subsequent calendar year;
- 12) **“Grid Code”** means the State Grid Code as specified by the Commission under Section 86(1)(h) of the Act.
- 13) **“KER Act”** means the Karnataka Electricity Reform Act, 1999;

- 14) **“Licence”** means a licence granted under Section-14 of the Act for transmission, distribution, retail supply and trading of electricity in the area of supply of the Licensee;
- 15) **“Licenced Business”** means the functions and activities, which the licensee is required to undertake in terms of the licence granted by the Commission or being a deemed licensee under the Act;
- 16) **“Licensee”** means a person who has been granted a licence, and shall also include a deemed licensee, under Section 14 of the Act;
- 17) **“Non-Tariff Income”** means income relating to the licensed business other than from tariff (transmission, wheeling and retail supply), and excluding any income from other business.
- 18) **“Other Business”** means any other business of the transmission / distribution licensee for optimum utilisation of its assets within the meaning of Section 41 and 51 of the Act;
- 19) **“Open Access Customer”** means a consumer permitted by the Commission to receive supply of electricity from a person other than the Distribution Licensee of his area of supply, and the expression includes a generating company and licensees, who have availed of or intends to avail of open access;
- 20) **‘Prudence Check’** means the scrutiny of reasonableness and usefulness of capital investment incurred, financing plan, use of efficient technology, scope of work, cost and time over-run and such other factors as may be considered appropriate by the Commission;
- 21) **“Retail Supply Business”** means the business of sale of electricity by a distribution licensee to the consumers within the area of supply in accordance with the terms of the licence issued for distribution and retail supply of electricity;

- 22) **“State”** means the State of Karnataka;
 - 23) **“STU”** means the State Transmission Utility as specified by the State Government under Sub-section (1) of Section 39 of the Act.
 - 24) **“SLDC”** of “State Load Despatch Centre” means the centre established under Section 31 of the Act;
 - 25) **“Tariff”** means a schedule of standard prices or charges for specified services which are applicable to all such specified services provided to the type of customers specified in the tariff orders issued by the Commission;
 - 26) **“Transmission Business”** means the business of transmitting electricity within the State;
 - 27) **“Wheeling”** means the operation whereby the distribution system and associated facilities of a distribution licensee are used by another person for the conveyance of electricity on payment of charges to be determined under, under section 42(2) or under section 62;
- 3.2 The words and expressions used and not defined in these Regulations, but defined in the Act or in the KER Act, shall have the meanings respectively assigned to them in either the Act or the KER Act, as the case may be;
- 3.3 The words “Application” or “Petition” and “Applicant” or “Petitioner” shall be interpreted synonymously;

PART-II

GENERAL PRINCIPLES

4. Multi Year Tariff Framework:

4.1 The Commission shall determine the Tariff and Charges for the matters covered under Regulation 2.1, under a Multi-Year Tariff framework for each of the Control Period commencing from FY26 onwards.

4.2 The Multi-Year Tariff framework shall be based on the following elements, for computation of Aggregate Revenue Requirement for Transmission Licensees, Distribution Wires Business, Retail Supply Business, and Charges of SLDC;

- (i) A Multi-Year Tariff Petition comprising the forecast of Aggregate Revenue Requirement, expected revenue from existing Tariff and Charges, expected revenue gap or surplus, and proposed Tariff and Charges for each year of the Control Period, shall be filed by the Licensee or SLDC;

Provided further that the performance parameters whose trajectories have been specified in these Regulations or in any other Regulations or Orders of the Commission shall form the basis of projection for the Aggregate Revenue Requirement for the entire Control Period;

- (ii) Determination of the Aggregate Revenue Requirement and Tariff and Charges for Transmission Licensees, Distribution Wires Business, Retail Supply Business, and SLDC by the Commission for each year of the Control Period, at the beginning of the Control Period;

Provided that the Commission shall also approve the sharing proportion amongst the Transmission System Users of the SLDC Charges for the Control Period;

- (iii) The mechanism for pass-through of approved gains or losses on account of uncontrollable factors as specified by the Commission in these Regulations;
- (iv) The mechanism for sharing of approved gains or losses arising out of controllable factors as specified by the Commission in these Regulations;

5. Petitions to be filed for the Control Period:

- 5.1 The Petitions to be filed by the licensee for the Control Period under these Regulations are as under;
- 5.2 Multi-Year Tariff Petition, complete in all aspects as per these Regulations, shall be filed for the Control Period within a period not less than 120 days i.e., within 30th November, before the commencement of the Control Period, by Transmission Licensees, Distribution Licensees and SLDC, in accordance with the KERC (General and Conduct of Proceedings) Regulations, 2000 accompanied by such fee payable as may be specified in the KERC (Fee) Regulations, 2016;

Provided that, in case of a Deemed Distribution Licensee whose retail supply tariff is yet to be determined by the Commission, the Commission may relax the timelines for submission of the Multi-Year Tariff Petition, in case such specific relaxation is sought by such Deemed Distribution Licensee;

- 5.3 Annual Performance Review (Truing-up) Petition for each completed financial year of the Control Period, based on the audited annual accounts, before 30th November of the subsequent financial year;
- 5.4 The Petitioner shall submit separate audited Accounting Statements for Distribution Wires Business and Retail Supply Business, along with the Petition for determination of Tariff / Charges and Annual Performance Review (Truing-up) under these Regulations;

Provided that, in case complete accounting segregation has not been done between the Distribution Wires Business and Retail Supply Business of a Distribution Licensee, its Aggregate Revenue Requirement shall be apportioned between the Distribution Wires Business and Retail Supply Business in accordance with the Matrix proposed by the licensees or matrix as may be considered reasonable by the Commission;

6. Specific Trajectory for certain variables:

- 6.1 The Commission shall approve a trajectory while approving the Business Plan, for each year of the Control Period, for certain variables which include, but not limited to, Transmission Losses, Distribution losses, AT&C losses, supply availability and wires availability (SAIFI and SAIDI), billing efficiency and collection efficiency;
- 6.2 The trajectories approved by the Commission shall form the basis for approval of the forecast of Aggregate Revenue Requirement and also for Annual Performance Review (true-up) of the Aggregate Revenue Requirement;
- 6.3 The Commission shall specify the yearly transmission / distribution / wheeling / AT&C loss reduction trajectory for the control period with upper, average and lower limits. The approved yearly transmission / distribution / AT&C loss trajectory for the control period shall not be changed / modified, except under exceptional conditions;

7. Uncontrollable and Controllable factors:

- 7.1 Uncontrollable Factors: The "uncontrollable factors" shall comprise of the following, which are beyond the control of, and cannot be mitigated by the applicant;
 - (a) Variation in the cost of power generation and/or power purchase;
 - (b) Variation in sales;
 - (c) Inter-State Transmission losses and
 - (d) Force Majeure events, such as war, fire, natural calamities etc.;
 - (e) Change in law;

- (f) Taxes and Duties;
- (g) Statutory Payments / Compensation;

7.2 Controllable Factors: Some illustrative variations or expected variations in the performance of the applicant, which may be attributed by the Commission to controllable factors which include, but are not limited to the following:

(a) Operation and maintenance expenses, except those attributable to directions of the Commission.

(b) Interest and Finance Charges;

(c) Depreciation;

(d) Capital expenditure on account of time and/or cost overruns/ inefficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;

(e) Aggregate Technical and Commercial (AT&C) losses which shall be measured as the difference between the units input into the distribution system and the units realized (units billed and collected) wherein the units realized shall be equal to the product of units billed and collection efficiency (where Collection Efficiency shall be measured as ratio of total revenue realized to the total revenue billed for the same year);

Detailed methodology for computation of AT&C loss has been indicated in **Annexure - I** enclosed to these Regulations;

(f) Transmission Losses, Distribution Losses and AT&C Losses;

(g) Return on Equity (RoE);

(h) Transmission System Availability, Wires Availability and Supply Availability (SAIFI and SAIDI);

8. **Mechanism for pass through of gains or losses on account of controllable and uncontrollable factors:**

The scope of the annual performance review shall be a comparison of the actual expenses of the Licensee with the approved forecast of expenses as per ARR. Upon completion of annual performance review, the Commission shall pass an orders on;

(a) Any financial loss or gain on account of variation in power purchase cost either on account of change in hydro-thermal mix or other uncontrollable factors and the mechanism by which the licensee shall pass through such gains or losses.

(b) The approved aggregate gain or loss to the Licensee on account of other Uncontrollable factors and the mechanism by which the Licensee shall pass through such gains or losses.

(c) The approved aggregate gain or loss to the Licensee on account of Controllable factors and the mechanism to share such gains or losses.

(d) The approved modifications to the forecast for the remainder period of the Control period, if any.

9. **Business Plan:**

9.1 The licensee shall file a Business Plan for a period of Five Years along on or before 30th September before commencement of the control period, for approval of the Commission.

e.g. For the control period FY26 to FY28, five-year Business Plan shall be filed on or before 30th September 2024 and for subsequent control period i.e. from FY29 to FY31 on or before 30th September 2027 and so on.

The Commission shall examine the same and approve the Business Plan along with the ARR for the control period by making appropriate modifications as may be considered necessary.

9.2 In respect of transmission licensee, the Business Plan shall comprise of, but not limited to, the following, in accordance with the guidelines / norms provided in the relevant Regulations;

- (i) Load Forecast/ Resource Adequacy Plan and Capital Investment Plan consistent with the CEA guidelines or as may be approved by the Commission from time to time; and sources of funds to meet the capital investment plan; Physical and financial targets;
- (ii) Targets for transmission loss reduction, system availability duly indicating upper, average and lower limits;

Provided that the Petitioner while filing the application for approval of ARR shall provide the details of calculations and other related information in the formats prescribed by the Commission in Annexure-III (Transmission Formats) of these regulations for each financial year. However, the Commission may, at any time, alter / revise / add formats as per the requirement of the Commission to ensure justifiable and exhaustive data in the process of tariff determination.

9.3 In respect of distribution licensee, the Business Plan shall comprise of, but not limited to, the following, in accordance with the guidelines / norms provided in the relevant Regulations;

- (i) Detailed category-wise sales and demand projections;
- (ii) Power Procurement Plan indicating the source-wise procurement of energy and the costs thereof;
- (iii) Capital Investment plan and sources of funds to meet the capital investment; Physical and financial targets, consistent with the CEA guidelines or as may be approved by the Commission from time to time;
- (iv) Targets for distribution / AT&C loss reduction, supply and system availability (SAIFI and SAIDI), billing efficiency and collection efficiency, duly indicating upper, average and lower limits;

- (v) Policy of the Government for providing subsidy to any of the categories of consumers and extent of subsidy committed by the Government;

Provided that the Petitioner shall provide the details of calculations and other related information in the formats prescribed by the Commission in the Annexure-II (Distribution Formats) of these regulations for each financial year. However, the Commission may, at any time, alter / revise / add formats as per the requirement of the Commission to ensure justifiable exhaustive data/ modalities in the process of tariff determination.

- 9.4 The capital investment plan submitted by the transmission and distribution licensees, shall show separately, the spill over projects / works and new projects (along with justification). The Commission shall examine and approve the capital investment plan for which the licensee shall provide relevant technical and commercial details in support of the investment plan.
- 9.5 While taking up Annual Performance review, the Commission shall not consider any major capital works not approved by the Commission including the financial implication thereon and shall not ordinarily consider capex beyond the limit approved in the relevant tariff orders;

Provided that any emergent works arising out of natural calamities undertaken outside the approved capex, may be allowed through re-appropriation of amounts saved in other approved heads of expenditure or through government grants/ approval of additional capex in the truing up exercise.

- 9.6 The Licensees shall adhere to the capital investment plan as per the Tariff Orders and shall not modify or propose any ad-hoc investment plans in the middle of the financial year of the control period.
- 9.7 Since the approved capex will have tariff implications, the Licensees shall incur the capex with reference to the approved capex only.

PART-III

PROCEDURE FOR DETERMINATION OF TARIFF

10. Filing of Petition for determination of Tariff:

10.1 A Petition for determination of Tariff shall be filed in such form and in such manner as specified in these Regulations, and shall be accompanied by applicable fees;

Provided that the Commission may issue a general or special order or direction requiring the licensees for on-line filing of the petition for determination of ARR and tariff;

10.2 The proceedings for determination of Tariff shall be held by the Commission in accordance with the KERC (General & Conduct of Proceedings) Regulations, 2000, as amended from time to time;

10.3 Notwithstanding anything contained in these Regulations, the Commission shall have the authority to determine tariff and other Charges, either suo-motu or on a Petition filed by the Licensee or SLDC, including determination of terms and conditions thereof;

11. Determination of Tariff and Charges for Transmission, Distribution Wires Business, Retail Supply Business, and SLDC:

11.1 The Commission shall determine the Aggregate Revenue Requirement and Tariff for Transmission Licensees, Distribution Wires Business, Retail Supply Business, and Charges for SLDC, upon consideration of an Application/Petition filed by the Licensee or SLDC, as the case may be, in accordance with the procedure contained in these Regulations;

11.2 The Commission shall determine the Tariff for -
(a) Transmission of electricity, in accordance with the terms and conditions contained in Part VI of these Regulations;

- (b) SLDC, in accordance with the terms and conditions contained in Part VII of these Regulations;
- (c) Distribution Wires Business, in accordance with the terms and conditions contained in Part VIII of these Regulations;
- (d) Retail Supply Business, in accordance with the terms and conditions contained in Part VIII of these Regulations; and

Provided that the Petition shall be accompanied by a detailed Tariff revision proposal showing category-wise Tariffs duly indicating as to how such revised tariff would meet the gap/ absorb the surplus, if any, in the Aggregate Revenue Requirement for each of the years of the Control Period;

Provided further that the Petitioner shall provide the details of calculations and other related information in the formats prescribed by the Commission in the Annexure-II (Distribution Formats) and Annexure-III (Transmission Formats) of these regulations for each financial year. However, the Commission may, at any time, alter / revise / add the formats as per the requirement to ensure submission of exhaustive and justifiable data, in the process of tariff determination with prior intimation to the licensees.

Provided also that the Commission, whenever necessary, may conduct a Technical/ financial Validation Session prior to or after the admission of the Petition;

- 11.3 The Petitioner shall, along with the aforesaid petition, submit a statement on the status of compliance of directives, issued by the Commission, in its previous tariff order;
- 11.4 The Petitioner shall also include the Annual Performance Review (true-up) petition, based on the audited accounts, for the previous year;
- 11.5 The Commission may seek clarifications and additional information on the inadequacies/ inconsistencies in the application, if any, within 15 (fifteen) working days of filing the application by the Petitioner. The Petitioner shall

furnish clarifications/ additional information within the next 10 (ten) days to the Commission;

- 11.6 Within 7 (seven) days of the receipt of replies/ clarifications from the Petitioner, to the satisfaction of the Commission, the Commission shall treat the Application as a petition;
- 11.7 The Commission shall ensure that the information in the application is complete with the requisite information and submission of documents in compliance with all the requirements specified in these Regulations. Thereafter, the Commission or the Secretary or the any of the designated Officers shall communicate to the Petitioner that the application of the licensee is treated as a petition and inform the licensees to publish the summary of application giving the details of ARR and the proposed tariff increase;

For the purpose of this Regulation, 'Complete Application' means the application complete in all respect in the appropriate form, as required by the Commission, along with documents showing payment of necessary fees and other compliances;

- 11.8 Upon receipt of communications from Commission, the Petitioner shall, within 5 (five) days publish a notice in at least 2 (two) English and 2 (two) Kannada language daily newspapers widely circulated in the area. The Public Notice shall inter-alia contain the summary of the tariff revision proposals as per the petition, in such manner as may be stipulated by the Commission;

The public notice shall invite interested persons to file their objections and such documents as they seek to rely upon, supported by an Affidavit, in six copies, within 30 days from the date of public notice in the newspapers and also indicate whether they would like to be heard in person by the Commission;

The Petitioner shall also specify in the public notice that interested persons may inspect the copies of the petition at specified offices of the Petitioner

during normal working hours within 10 working days of the publication of the notice and also obtain the salient feature of the petition at such specified place on payment of cost of photocopying;

The Petitioner shall also mention in the public notice that the hard copy of full set of the application together with supporting materials would be made available to any interested person who may require it on payment of cost of photocopying (cost of hard copy and the locations where such hard copies are available may be mentioned in the public notice itself);

- 11.9 The Petitioner shall also host on its website, downloadable spreadsheet formats showing detailed computations, the application made to the Commission along with all regulatory filings, information and documents in the manner stipulated by the Commission. The web link to the information shall also be mentioned for easy access, enabling downloading and shall be prominently displayed on the applicant's website. However, the Petitioner may not provide or put up any such information, particulars or documents, which are confidential in nature, without prior approval of the Commission;

Explanation - for the purpose of these Regulation, the term "downloadable spreadsheet format" shall mean one (or multiple, linked) spreadsheet software files containing all assumptions, formulae, calculations, software macros and outputs forming the basis of the application;

- 11.10 Notwithstanding anything contained in these Regulations, in case of delay/ non-submission of the application / Business Plan for determination of tariff, as the case may be, the Commission may initiate suo-motu proceedings for the determination of Tariff by 10th December and complete the proceedings within the end of March of the succeeding financial year;

Provided that in the event of the licensee not filing the application despite the aforesaid proceeding, the Commission may on its own, decide the tariff based on previous year's tariff details and after incorporating suitable adjustments;

Provided further that in such cases the Commission may also pass directions under Section 129 and/or Section 142 of the Act, if required;

- 11.11 The Petitioner shall furnish to the Commission all the necessary books and records (or certified true copies thereof), including the Accounting Statements, operational and cost data, as may be required by it for determination of Tariff;

12. Commission's Powers for verification:

- 12.1 The Commission may get the books and records of the utilities concerned examined by its officers and/or by any authorized person/consultants at any point of time during the pendency of the petition or otherwise. The report of the officers/consultants shall be made available to the parties concerned and they shall be given opportunity to react on the reports. The Commission shall duly take into account the report or the opinion/ reaction given by parties and/or by any authorized person/consultants and the reply filed by the parties, while passing orders in the matter.
- 12.2 The Commission may direct the Licensee to submit such performance-related data as it may stipulate, with the Petitions to be filed under these Regulations;
- 12.3 The Licensees shall submit periodic returns containing operational and cost data in the prescribed manner to enable the Commission to monitor the implementation of its order;
- 12.4 The filing of all the applications shall be in conformity with the stipulations as per the Licensing Regulations and the Conditions of the Licence;

13. Order approving ARR and Tariff:

- 13.1 The Commission shall, within one hundred and twenty days from receipt of a complete Petition, and after considering all suggestions and objections received from the public;

- (a) issue a Tariff Order based on the Petition with such modifications or conditions as may be stipulated in the Order;
 - (b) reject the Petition for reasons to be recorded in writing if such Petition is not in accordance with the provisions of the Act and the rules and Regulations made thereunder or any other provisions of law, after giving the Petitioner a reasonable opportunity of being heard;
- 13.2 The Petitioner, within a week of issue of the Tariff Order, shall publish the tariff approved by the Commission in 2 (two) English and 2 (two) Kannada language daily newspapers having wide circulation in the area of supply and shall host the approved tariff / tariff schedule on its website and make available for sale, a booklet containing such tariffs, for sale to any person on payment of reasonable charges;
- 13.3 The tariff so published shall be in force from the date specified in the said Order and shall, unless amended or revised, continue to be in force until the issue of next Tariff Order;

14. Petition for Annual Performance Review (True-up):

- (a) Where the Aggregate Revenue Requirement and expected revenue from tariff / charges of a Licensee are covered under a Multi-Year Tariff framework, such Licensee shall be subject to Annual Performance Review (true-up);
- (b) The Commission Shall True-up the expenses either as part of the Tariff Order or issue Order/s for True-up of expenses preceding the Tariff order of ensuing year;
- (c) An Order for Annual Performance Review (True-up) of expenses shall be issued on annual basis;
- (d) An Order for Annual Performance Review (True-up) of expenses shall be on the basis of estimates of expense approved by the Commission, in the ARR for each year of the Control Period and actual expenses accounted in the audited books of account of the Licensee for the year, duly

adjusting the expenses to the extent of trajectories / norms prescribed in these Regulations;

Provided that, in case of any variation between approved and actual expenses (surplus or deficit), on account of annual performance review (truing up), in any of the financial years of the Control Period, such variation shall be refunded/recovered by the licensees to/from the consumers of their area of operation, in the manner as may be decided by the Commission in the APR (truing-up) order.

Provided also that the variation between approved and actual expenses (surplus or deficit) pertaining to the financial year FY25 for the control period FY23 to FY25, shall be treated in the same manner as provided in the above proviso of Clause 14(d).

15. The Licensee shall submit periodic returns as may be required by the Commission, containing operational and financial cost data to enable the Commission to monitor the implementation of its Order;

PART-IV

SALES, POWER PURCHASE QUANTUM AND COST

16. Applicability:

The Regulations contained in this Part shall apply to a Distribution Licensee for the purpose of sales forecast, power procurement from a Generating Company or Trading Licensee or Distribution Licensee or from any other source through agreement or arrangement, for distribution and supply within the State;

17. Sales forecast:

17.1 Forecasting methodology:

- (1) The Licensee shall submit a month-wise forecast of the expected sales of electricity in respect of each Tariff category/sub-category to the Commission for each year of the Control period;

Provided that the Licensee shall submit relevant details regarding category-wise sales separately for each Distribution Franchisee area within its License area, as well as the aggregated category-wise sales in its License area;

- (2) The sales forecast shall be consistent with the load forecast prepared as part of the power procurement plan under Regulation 19 of these Regulations and shall be based on past data and reasonable assumptions for the future;

Provided that where the Commission has stipulated a methodology for forecasting sales in respect of any particular Tariff category, the Licensee shall incorporate such a methodology in developing the sales forecast for such Tariff category;

Provided that open access transactions shall not form part of Sales;

18. Treatment of Distribution Losses:

The power purchase requirement of the Licensee at the Transmission-Distribution interface point, shall be computed by grossing up the sales with the distribution losses approved by the Commission;

Provided that the Commission may stipulate the target distribution losses as part of the Order;

Provided further that the Licensee shall submit the details of division-wise distribution losses for the relevant years;

Provided also that the division-wise distribution losses shall separately indicate the distribution losses in each Distribution Franchisee area within its License area, for the relevant years;

19. Power Procurement Planning:

19.1 The Distribution Licensee shall prepare a plan for procurement of power (in MW/ MU) to serve the demand for electricity in its area of supply as a part of Business Plan in accordance with Regulation 9 of these Regulations and Resource Adequacy Guidelines issued by CEA / Regulations issued by the Commission on Resource Adequacy;

Provided further that such power procurement plan may include long term (more than 5 years), medium-term (upto 5 years) and short-term (upto 1 year) sources of power procurement.

19.2 The power procurement plan of the Licensee shall comprise of the following:

- (i) A quantitative forecast of the unrestricted base load and peak load for electricity within its area of supply;

- (ii) An estimate of the quantity of electricity supply from the identified sources of power purchase, including own generation if any;
- (iii) An estimate of availability of power to meet the base load and peak load requirement:

Provided that such estimate of demand and supply shall be on month-wise basis in Mega-Watt (MW) as well as expressed in Million Units (MU);

- (iv) Standards to be maintained with regard to quality and reliability of supply, in accordance with the relevant orders / regulations of the Commission;
- (v) Measures proposed for implementing Renewable Purchase Obligation (RPO), energy conservation, energy efficiency, and Demand Side Management;
- (vi) The requirement for new sources of power procurement, including augmentation of own generation capacity, if any, and identified new sources of supply, based on (i) to (v) above;
- (vii) The impact of Open Access on load;
- (viii) The sources of power, quantities and cost estimates for such procurement;
- (ix) Impact of Storage capacities including Batteries, Electric Vehicle charging stations etc.;

Provided that the forecast or estimates contained in the long-term procurement plan shall be separately stated for peak and off-peak periods, in terms of quantity of power to be procured (in MU) and maximum demand (in MW);

Provided further that the forecast or estimates for the Control Period shall be prepared for each month of the Control Period;

Provided also that the medium-term / short term procurement plan shall be on a least cost plan based on available information regarding costs of various sources of supply;

- 19.3 The forecast or estimate shall be prepared using forecasting techniques based on past data and reasonable assumptions regarding the future;

Provided that the forecast or estimate shall take into account factors such as overall economic growth, consumption growth of electricity-intensive sectors, advent of competition in the electricity sector, trends in captive power, impact of loss reduction initiatives, improvement in Generating Station Plant Load Factors and other relevant factors;

- 19.4 Where the Commission has specified a percentage of the total consumption of electricity in the area of a Licensee to be purchased from co-generation or renewable sources of energy, the power procurement plan shall include the plan for procurement from such sources upto the specified level;

- 19.5 The Licensee shall forward a copy of its power procurement plan to the State Transmission Utility for verification of its consistency with the transmission system plan for the intra-State Transmission System, prepared in accordance with the Regulations of the Commission governing Open Access;

Provided that the Licensee shall also consult the State Transmission Utility at the time of preparation of the power procurement plan, to ensure consistency of such plan with the transmission system plan;

- 19.6 The Commission shall approve the power procurement plan for the Control Period as part of its Order on the MYT Application/Petition;

20. Power Purchase Quantum and Cost:

- 20.1 Based on the power procurement plan, the power purchase quantum and cost shall be calculated;
- 20.2 The approved Power Purchase cost shall be net of expected revenue from sale of surplus power, if any, during lean period;
- 20.3 Revenue from sale of surplus power shall be estimated at per unit weighted average price of bilateral purchases and power exchange rates for the last available twelve months or any shorter period which may be considered appropriate by the Commission, at the time of finalization of the ARR for the ensuring year;

21. Fuel and Power Purchase Cost Adjustment (FPPCA):

Fuel and Power Purchase Cost Adjustment shall be governed as per the Karnataka Electricity Regulatory Commission (Fuel and Power Purchase Cost) Adjustment, Regulations, 2022 and amendments from time to time thereof;

PART-V

FINANCIAL PRINCIPLES

22. Management of Finances:

- 22.1 The Licensee and the SLDC shall manage its finances in an optimum and prudent manner;
- 22.2 In determining the Aggregate Revenue Requirement and Tariff of the Licensee or SLDC, the Commission shall assess the financial prudence exercised with regard to the following factors;
- (a) revenue;
 - (b) revenue expenditure;
 - (c) capital expenditure:

Provided that the Commission may disallow a part of the Aggregate Revenue Requirement, as an efficiency measure, if it finds the exercise of such prudence to have been deficient;

23. Financial prudence:

- 23.1 **Revenue:** The financial prudence with respect to revenue shall be assessed in terms of the following parameters;
- (i) whether category-wise sales projections are based on realistic estimates, and that adequate justification has been provided for any anomalous increase in sales projected by the Distribution Licensee;
 - (ii) whether projected generation of electricity is based on realistic estimates, and adequate justification has been provided for any anomalous increase in generation projected by the Generating Company;
 - (iii) billing efficiency measured as a percentage of the units billed by the Licensee to the total units injected into the transmission or distribution system, as the case may be;

- (iv) collection efficiency measured as a percentage of the amount collected by the Licensee to the total amount billed;
- (v) reduction in arrears receivable from consumers;
- (vi) percentage of metered consumers and metered consumption out of the total;
- (vii) percentage of bills raised on the basis of assessed consumption out of the total number of bills raised by the Distribution Licensee;
- (viii) whether revenue collected is in line with the projections made in the Petition and approved by the Commission;

23.2 **Revenue Expenditure:** The financial prudence with respect to revenue expenditure shall be assessed in terms of the following parameters;

- (a) monitoring of the revenue expenditure as against the revenue earned, such that the expenses and payment obligations of the Licensee to other entities are met in a timely manner;
- (b) mechanism put in place for monitoring adherence to the approved revenue expenditure, including schedule of interest payments for long-term loans and working capital;
- (c) transparent method of power procurement, with the objective of optimising the power purchase expenses;
- (d) optimum purchase of power considering factors such as requirement of power, Merit Order Despatch, potential for earning additional net revenue based on the differential between the rate for purchase of power from different sources and the market rate for sale of surplus power, if any;

Provided that, in case the excess of revenue expenditure over the revenue earned exceeds 5%, the Licensee shall submit detailed justification for the mismatch along with its Petition for Annual Performance Review (True-up), including a comparison of the revenue

expenditure and revenue estimated in the Petition with the amounts approved by the Commission and with the actual amount of revenue expenditure and revenue, under key heads;

Provided further that the Licensee shall submit a detailed cash flow statement for the respective Business showing the various sources of revenue, the actual amount of cash collected against the amount billed to different consumer categories for sale of electricity, the comparison of the actual revenue expenditure and capital expenditure with the projected and approved revenue expenditure and capital expenditure;

Provided also that, in case its payment obligations to other entities are not regularly met, the Licensee shall provide justification for such shortfall with reference to its cash flow statement;

23.3 **Capital Expenditure:** The financial prudence with respect to capital expenditure shall be assessed in terms of the following parameters:

- (a) whether projected capital expenditure and capitalisation is based on realistic estimates, and adequate justification has been provided for any anomalous increase in capital expenditure and capitalisation projected by the Licensee;
- (b) mechanism put in place for monitoring the physical progress of projects with respect to their original schedule;
- (c) optimum drawal of loans in accordance with the physical progress of the capital expenditure schemes, and efficient utilisation of such loans;
- (d) in case the actual capital expenditure or capitalisation exceeds 10% of that approved by the Commission, the Licensee shall submit detailed justification for such excess along with its Petition for Annual Performance Review (True-up);

- (e) in case any scheme has not been commenced during the year despite the Commission's approval, detailed justification shall be submitted along with the Petition for Annual Performance Review (True-up);

24. Consumer Contribution, Deposit Work, Grant and Capital Subsidy:

24.1 The expenses on the following categories of works carried out by the Licensee or SLDC shall be treated as specified in Regulation 24.2;

- (a) Works undertaken from funds, partly or fully, provided by the users/consumers, which are in the nature of deposit works or consumer contribution works;
- (b) Capital works undertaken with grants or capital subsidy received from the State and Central Governments;
- (c) Other works undertaken with funding received without any obligation of repayment and with no interest costs;

24.2 The expenses on such capital works shall be treated as follows: -

- (a) normative O & M expenses as specified in these Regulations shall be allowed;
- (b) the debt-equity ratio, shall be considered in accordance with Regulation 25;
- (c) provisions related to depreciation, as specified in Regulation 26, shall not be applicable to the extent of such financial support received;
- (d) provisions related to return on equity, as specified in Regulation 27, shall not be applicable to the extent of such financial support received;
- (e) provisions related to interest on loan capital, as specified in Regulation 28, shall not be applicable to the extent of such financial support received;

25. Debt-equity ratio:

For the purpose of computation of Aggregate Revenue Requirement for financing of projects under capital expenditure, a Debt: Equity ratio of 70: 30 shall be adopted. The Licensee or SLDC shall be free to have higher quantum of equity investments. The equity in excess of this norm shall be treated as loan;

Provided that for the purpose of Annual Performance Review (truing up), debt equity ratio shall be limited to 70: 30 of the gross capital assets at the end of the financial year. The equity in excess of this norm shall be treated as loan;

26. Depreciation:

26.1 Depreciation for the purpose of ARR shall be computed over the useful life of the assets based on its average value of gross assets at the beginning and closing period of the financial year for which ARR is being determined;

Provided that for the purpose of Annual Performance Review (true-up), depreciation shall be chargeable from the first year of commissioning of asset. In case the asset is commissioned during the financial year and the details thereof are furnished by the licensee, the depreciation shall be charged on pro rata basis for completed months;

26.2 Depreciation shall not be allowed on the following;

- (a) Capital works undertaken from funds, partly or fully, provided by the users/consumers, which are in the nature of deposit works or consumer contribution works;
- (b) Capital works undertaken with grants or capital subsidy received from the State and Central Governments;
- (c) Other works undertaken with funding received without any obligation of repayment and with no interest costs;
- (d) Capital expenditure, to the extent of the works considered imprudent by the Commission, shall not be allowed as pass through in tariff

26.3 The Commission shall consider the depreciation in the following manner;

- (a) The value base for the purpose of depreciation shall be the historical cost of the asset;
- (b) Deprecation shall be calculated annually (both for the purpose of determination of tariff as well as accounting) based on straight line method over the useful life of the asset and at the rates specified in the CERC Guidelines / Notifications issued from time to time;
- (c) The residual life of the asset shall be considered as 10% and depreciation shall be allowed up to a maximum of 90% of the

historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset;

27. **Return on Equity:**

- (a) Return on Equity shall be computed on equity base existing at the beginning of the financial year, excluding any reserves and adjustment to net worth. The equity for the RoE so computed shall be limited to 30% of the gross assets excluding assets created out of consumer / user contribution for the financial year for which ARR / APR is being determined;
- (b) In case the equity is below the normative level, the actual equity shall be considered for determination of Return on Equity in tariff computations;
- (c) While allowing RoE during the APR, equity infusion, if any, during the financial year, shall be considered from next month following the date of infusion of such operational equity, on pro-rata basis;
- (d) Transmission and Distribution Licensees shall be allowed RoE at the rate of 14% and 15.5% per annum respectively, grossed up with applicable MAT (Minimum Alternative Tax);

Note: For the purpose of return on equity, any cash resources available to the Licensee from its share premium account or from its internal resources that are used to fund the equity commitments of the project under consideration shall be treated as equity subject to limitation contained in clause (a) above.

28. **Interest on Capital loans:**

- (a) The capital loan outstanding as at the beginning of each financial year of the control period shall be worked out as the gross loan including the amount of current maturities of long term debts minus cumulative

repayment as admitted by the Commission upto the end of the previous Financial Year.

- (b) The interest on the existing capital loan balance for each financial year of the control period shall be computed on the basis of the average loan. The rate of interest shall be the weighted average rate of interest incurred (on long term loans) by the licensee in the base year or the latest year for which the audited accounts are available.
- (c) For the purpose of approval of ARR the interest on new capital loans proposed for each financial year of the control period shall be allowed based on the latest available SBI MCLR rates for long-term borrowings for above 3 years plus 200 basis points or the weighted average rate of interest proposed by the licensee, whichever is less;

Provided that for the purpose of allowing interest on loans during APR, the rate of interest shall be the actual weighted average rate of interest incurred by the licensee.

- (d) The interest on capital expenditure, to the extent of the works considered imprudent by the Commission, shall not be allowed as pass through in tariff;

29. **Interest on Working Capital:**

The Licensee shall be allowed interest on estimated level of working capital for each financial year of the Control Period, computed as follows;

- (a) Operation and maintenance expenses for one month;
- (b) Maintenance spares @ 1% of the historical cost of assets at the beginning of the year and
- (c) Receivables equivalent to two month's average revenue;

Provided that for the purpose of approval of ARR, the interest on working capital shall be on normative basis and the rate of interest shall be the latest available SBI MCLR rates for short-term borrowings for one-year tenor plus 250 basis points or the weighted average rate of interest on working capital proposed by the licensee, whichever is less;

Provided that while truing-up the 'Interest on Working Capital', the Commission shall allow the actual 'Interest on Working Capital' or the normative expenses, whichever is lower.

30. **Income Tax:**

- (a) Taxes on Income, if any, on the income stream of the licensed business of the Licensee shall be treated as an expense and shall be recoverable through ARR/tariff;
- (b) Tax on any income stream other than the licensed business shall not constitute a pass through component in tariff and tax on such other income shall be payable by the Licensee;
- (c) The Income Tax for the purpose of Aggregate Revenue Requirement shall be computed on the allowable Return on Equity computed as per Regulation 27 of these Regulations by grossing up with allowable Minimum Alternative Tax (MAT) or applicable income tax as determined by the Government of India from time to time;
- (d) For Annual Performance Review (truing up), the allowable Income Tax shall be based on the actual income tax incurred by the Licensee, limited to the applicable rate of income tax / MAT on the RoE allowed for the financial year as per the audited accounts, duly considering the excess or short payment of tax for the previous years;

PART-VI

TRANSMISSION

31. Applicability:

- 31.1 The Regulations contained in this Part shall apply to the determination of Tariff for access and use of the Intra-State Transmission System (InSTS) pursuant to a Bulk Power Transmission Agreement or other arrangement entered into with a Transmission System User;
- 31.2 The Commission shall be guided by the terms and conditions contained in this Part in specifying the rates, charges, terms and conditions for use of intervening transmission facilities pursuant to a Petition filed in this regard by a Transmission Licensee under the proviso to Section 36 (1) of the Act;
- 31.3 Any person who is eligible to apply for access to the intra-State transmission system shall be entitled to obtain such access in accordance with the Regulations of the Commission governing Open Access and shall be liable to pay the charges for obtaining such access as specified in these Regulations;
- 31.4 The Annual Transmission Charges for each Year of the Control Period shall provide for the recovery of the Aggregate Revenue Requirement of the Transmission Licensee for the respective Year of the Control Period, as approved by the Commission and comprising the following components;
- (a) Capital Investment Plan;
 - (b) Operation and Maintenance expenses with break-up into:
 - i. Employee Cost;
 - ii. Repairs and Maintenance Expenses;
 - iii. General and Administration Expenses;
 - (c) Depreciation;
 - (d) Interest on Capital Loan;
 - (e) Interest on Working Capital;
 - (f) Return on Equity;

(g) Income Tax;

(h) Other Expenses

minus

(i) Non-Tariff income;

(j) Income from Other Business, to the extent specified in these Regulations:

Provided that Depreciation, Interest on CAPEX Loan, Interest on working capital and deposits from Transmission System Users, Debt-Equity ratio, Return on Equity, and Income Tax for Transmission Licensees shall be allowed in accordance with the provisions specified in Part V of these Regulations;

Provided further that the components of the Aggregate Revenue Requirement corresponding to the transmission lines owned by Karnataka State Transmission Licensee and conveying electricity to other States (intervening transmission lines), being recovered through the sharing of transmission charges in accordance with the Regulations and Orders of the Central Electricity Regulatory Commission, shall not be recovered from the Annual Transmission Charges determined under these Regulations;

Provided also that in case any such components have already been recovered through the intra-State transmission tariff, such excess recovery shall be deducted from the Aggregate Revenue Requirement of Karnataka State Transmission Licensee for the future years, along with associated;

Provided also that prior period income/expenses and other debits shall be allowed by the Commission at the time of Annual Performance Review (truing up) based on actuals as per audited accounts, on a case to case basis;

Provided that all penalties and compensation payable by the Licensee to any party for failure to meet any Standards of

Performance or for damages, as a consequence of the orders of the Commission, Courts, etc., shall not be allowed to be recovered through the Aggregate Revenue Requirement;

Provided also that the Transmission Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition;

- 31.5 The Annual Transmission Charges of the Transmission Licensee shall be determined by the Commission on the basis of a Petition for determination of Aggregate Revenue Requirement, filed by the Transmission Licensee in accordance with Part III of these Regulations.
- 31.6 All the new Intra-State Transmission Projects of the Threshold Limit of Rupees One Hundred (100) Crores and above shall be executed through Tariff Based Competitive Bidding (TBCB) duly complying with the guidelines notified by MoP/Gol from time to time, with the prior approval of the Commission.
- 31.7 The threshold limit for the purpose of TBCB shall be notified by the Commission on the petition to be filed by the State Transmission Utility. All new Intra-State Transmission Projects costing above this threshold limit formulated by State Transmission Utility and approved by the Commission shall be implemented through Tariff Based Competitive Bidding (TBCB). An empowered committee to be constituted by the Government of Karnataka shall coordinate the bidding process duly complying with the guidelines notified by MoP/Gol from time to time.
- 31.8 Intra-State independent transmission projects including any upstream / downstream project shall be designed as a single project for inviting bids for the development of the project through TBCB.
- 31.9 In case the STU intends to implement any Intra-State Transmission System above the Threshold Limit through a cost-plus approach under Section 62

of the Act, due to some specific reasons such as the project being of a critical nature (e.g., Transmission System being developed for Defence, Railways, Airport, etc.) or there are issues involved in ownership or interface issues, i.e., where the ownership of new Intra-State Transmission System cannot be delineated from the assets of existing transmission assets, the STU shall obtain prior approval of the Commission for the same. Further, in case the STU intends to implement any Intra-State Transmission System below the Threshold Limit through Tariff Based Competitive Bidding, due to some specific reasons, the STU may implement such projects through TBCB if there are valid reasons to do so, with prior approval of the Commission.

32. Capital Investment Plan:

- 32.1 The Transmission Licensee shall submit a detailed capital investment plan, financing plan and physical targets for each year of the Control Period for strengthening and augmentation of the intra-State transmission system of the Transmission Licensee, meeting the requirement of load growth, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as a part of the Multi-year Aggregate Revenue Requirement for the entire Control Period;
- 32.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects;
- 32.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required including but not limited to the information such as number of bays, name, configuration and location of grid substations, substation capacity (MVA), transmission line length (circuit kilometres) showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the transmission charges;
- 32.4 The Capital Investment Plan of the Transmission Licensee shall be consistent with the transmission system plan for the intra-State transmission system developed by the State Transmission Utility bearing in mind the transmission system plan for the inter-State transmission system developed by the Central Transmission Utility;

Provided that any capital expenditure incurred by the Transmission Licensee based on the specific requirement of a Generating Company or Distribution Licensee shall be substantiated with necessary documentary evidence in the form of request for the same and undertaking;

- 32.5 The Commission shall consider the Capital Investment Plan along with the Multi-Year Aggregate Revenue Requirement for the entire Control Period submitted by the Transmission Licensee taking into consideration the prudence of the proposed expenditure and estimated impact on transmission charges;
- 32.6 The Transmission Licensee shall submit, along with the Petition for determination of Aggregate Revenue Requirement details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require to assess such progress;
- 32.7 The capex for the control period for determination of ARR/Tariff shall be on the basis of the actual expenditure incurred on capital investment during the previous control period, duly considering the additional capex programme of the licensee and the inflation factors, subject to prudence check of the actual investment, by the Commission. The ARR / tariff shall be determined based on the admitted capital expenditure and shall include capitalized initial spares subject to a ceiling norm as 1.5% of original project cost;
- 32.8 During the Annual Performance Review, the actual capital expenditure incurred including the procurement of materials for the purpose of capex and accounted on completed works by the Transmission Licensee during the relevant financial year shall be scrutinized during the prudence check to ascertain the achievement of stated benefits or system parameters and the reasonableness of the capital investment in accordance with the guidelines and directions issued by the Commission from time to time;

Note:

- (i) Scrutiny of the project cost estimates by the Commission shall be limited to the reasonableness of the capital cost, financing plan, interest during construction, use of efficient technology and such other matters for determination of tariff;
- (ii) While allowing the capital cost, the Commission would ensure that these are reasonable so as to achieve the objective of the investment;

32.9 The Licensee shall submit, along with the Petition for Annual Performance Review (truing-up), the details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require to assess such progress;

33. Prudence Check of CAPEX Works:

33.1 The Commission shall undertake / cause to undertake prudence check of all the capital works of the Licensee costing more than Rupees Five Crores or any other amounts as may be decided by the Commission by general or special order;

33.2 The Licensee shall submit to the Commission the list of works / projects / schemes commissioned and categorised for the financial year/s for which the Commission decides to undertake prudence check;

33.3 The Works identified for prudence check shall be subject to detailed scrutiny including the following aspects;

- (a) Whether the capex for the works were included in the annual capex programme approved by the Commission;
- (b) Whether DPRs were prepared duly indicating the pre and post commissioning benefits in the DPRs/ Estimates;
- (c) Whether the implementation of the project is as per the plan (DPR/ Estimates) or there are no major deviations to the original plan;
- (d) Whether the required objectives as per the DPR have been achieved;

Detailed procedure for conducting the “Prudence Check” are enclosed as Annexure-IV to these Regulations.

33.4 The disallowance of depreciation and interest on capital expenditure, to the extent of the works considered imprudent, shall be at the rate of depreciation applicable to appropriate heads of accounts like Plant and Machinery etc., as per CERC Regulations / Notification and interest rate equal to weighted average rates applicable to existing capital loans for relevant years. The disallowance of interest and depreciation on imprudent works shall continue till the work is considered as prudent, by the Commission. The amount so disallowed shall not be reversed / added back in the ensuing ARR gap and same cannot be passed on to the consumers;

Provided also that in case the actual benefits of the Capex are greater than the anticipated benefits, no sharing of gains shall be allowed to the Applicant.

34. Target Availability for recovery of full transmission charges shall be as follows:

- (a) Target Availability for intra-state transmission availability shall be 98.50%;
- (b) Recovery of fixed charges below the level of target availability shall be on pro-rata basis. At Zero Availability, no transmission charges shall be payable;
- (c) Target Availability shall be calculated in accordance with the procedure specified in **Annexure-V**;

35. Incentive / Penalty relating to over / under achievement of transmission loss targets:

In case the actual transmission loss exceeds the normative loss level approved by the Commission, as per Regulation 6, such excess loss shall be to the account of Transmission Licensee and the Transmission Licensee shall be liable for penalty at the rate of 1% of the allowable RoE for every 0.5% variation in actual transmission loss over the approved range of transmission losses for the relevant period;

Provided that if the actual transmission loss falls within the approved band, the transmission licensee shall not be levied penalty or allowed any incentive;

36. Operation and Maintenance expenses:

36.1 The Licensee shall be permitted to recover through tariff, subject to Annual Performance Review (truing-up), the 'Operation and Maintenance' expenses in accordance with this Regulation;

36.2 The Components of 'Operation and Maintenance' expenses include the following;

- (a) Repairs and Maintenance Expenses;
- (b) Employee Expenses, excluding contribution towards pension and gratuity, Newly Defined Contributory Pension Scheme and Leave Encashment;

Provided that the contribution towards pension and gratuity, Newly Defined Contributory Pension Scheme and Leave Encashment and arrears of wage revision, if any, to be factored in employee cost shall be considered separately as un-controllable expenditure;

- (c) Administrative and General Expenses;

36.3 The base year 'Operation and Maintenance' expenses shall be based on the latest audited accounts, best estimates of licensee of the actual O&M expenses for relevant years and other factors considered relevant, separately for each of the component indicated in Regulation 36.2;

Provided that such base year's 'Operation and Maintenance' expenses shall be escalated by considering the Inflation Rate;

['Inflation Rate' shall be the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce and Industry, Government of India and Consumer Price Index (CPI) as per the data available from the Labour Bureau, Government of India duly adopting the methodology followed by CERC with CPI and WPI in a ratio of 80:20 or such other ratio as may be considered by the Commission, considering the data of past Ten financial years;]

36.4 The Licensee shall also propose determination of the admissible O and M expenses on the basis of per ckt-Km of lines and per bay of substation for the base year and appropriate inflation factor for Operation and Maintenance expense for each year of the Control Period;

Provided that the apportionment of actual Operation and Maintenance cost per substation bay and per ckt-Km of the lines for the base 'Operation and Maintenance' expenses shall be in the ratio of 70% for bays and 30% for transmission lines or such other proportion as may be justified by the licensee by segregating the assets as per accounting data;

36.5 The Contributions towards pension and gratuity, Newly Defined Contributory Pension Scheme and Leave Encashment on the basis of Actuarial valuation report and arrears of wage revision, if any, shall be accounted separately as un-controllable expenses;

36.6 The impact of Wage Revision, if any, may be considered at the time of Annual Performance Review (true-up) for any Year, based on audited accounts subject to providing necessary details with break up;

36.7 While truing-up the 'Operation and Maintenance' expenses, the Commission shall allow the actual O and M expenses or the normative expenses, whichever is lower.

36.8 The Provisions/estimates in respect of wage revision expenses shall not be allowed as expenses at the time of Annual Performance Review (true-up), and only expenses actually incurred shall be allowed;

36.9 The charges for station auxiliary energy consumption in the sub-stations / offices for the purpose of air-conditioning, lighting, technical consumption, etc., shall be borne by the Transmission Licensee as part of its normative operation and maintenance expenses.

Provided that the charges for station auxiliary consumption shall be paid by the transmission licensee to the respective distribution licensee as per the tariff approved by the Commission from time to time.

37. Other Income (Non-Tariff Income):

37.1 The amount of non-Tariff income relating to the Transmission Business as approved by the Commission shall be deducted from the Aggregate Revenue Requirement in determining the Annual Transmission Charges of the Transmission Licensee;

Provided that the Transmission Licensee shall submit full details of its forecast of non-Tariff income to the Commission in such form as may be stipulated by the Commission;

37.2 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;
- b) Income from sale of scrap;
- c) Income from investments;
- d) Interest income on advances to suppliers/contractors;
- e) Income from rental from staff quarters;
- f) Income from rental from contractors;
- g) Income from hire charges from contractors and others;
- h) Supervision charges for capital works;
- i) Income from advertisements;
- j) Income from sale of tender documents;
- k) Any other Non-Tariff Income:

Provided that the interest earned from investment of Return on Equity corresponding to the regulated Business of the Transmission Licensee shall not be included in Non-Tariff Income.

38. Income from Other Business:

Where the Transmission Licensee has engaged in any Other Business under Section 41 of the Act for optimum utilisation of its assets, an amount equal to two-thirds of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in calculating the Annual Transmission Charges of the Transmission Licensee;

Provided that the Transmission Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Transmission Business and the Other Business and shall submit the Allocation Statement, duly certified by the Statutory Auditor, to the Commission along with its Petition for determination of Aggregate Revenue Requirement;

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Transmission Licensee on account of such Other Business;

39. Determination of Transmission Tariff:

39.1 The transmission tariff payable by the Long Term Open Access (LTOA) customers, including the Distribution Licensees, for usage of Transmission system shall be determined in accordance with the following formula;

$$TR^{LT} = \frac{\text{Net ARR} \times 10^7}{\text{TCC} \times 12}$$

Where:

TR^{LT} = Transmission Rate per MW per Month for a LTOA Customer (In Rupees, rounded off to nearest rupee);

Net ARR = Net Aggregate Revenue Requirement for a financial year determined by the Commission (Rupees in Crores);

TCC = Total Contracted Capacity of the transmission system by all long term open access customers (in MW);

39.2 The transmission tariff payable by the Short Term Open Access (STOA) customers of the Transmission system shall be determined in accordance with the following formula;

$$TR^{ST} = \frac{\text{Net ARR (Rs.in Crores)} \times 10^4}{\text{Energy Transmitted by Transmission Licensee (MU)}}$$

Where:

TR^{ST} = Transmission Rate per MWH for a STOA Customer (In Rupees, rounded off to nearest rupee);

Net ARR = Net Aggregate Revenue Requirement for a financial year determined by the Commission (Rupees in Crores);

40. Each Transmission User (including the Distribution Licensees) shall have to execute an agreement in terms of the Open Access Regulation duly mentioning, inter alia, contracted capacity with the Licensee;
41. Full annual transmission charges shall be recoverable at the target availability stipulated in Regulation 39 of these Regulations. Payment of transmission charges below the target availability shall be on pro rata basis;

42. **Incentive:**

- a) The transmission licensee shall be entitled to incentive on achieving annual availability beyond the target availability as per Regulation 34, in accordance with the following formula;

$$\text{Incentive} = \text{Annual Transmission Charges} \times \frac{[\text{Annual availability achieved} - \text{Target Availability}]}{\text{Target Availability}};$$

Provided that no incentive shall be payable above the availability of 99.75%;

- b) 50% of the Incentive shall be shared by the long-term customers in the ratio of their average allotted transmission capacity for the year;

43. **Rebate:**

For payment of bills of transmission charges through letter of credit on presentation, a rebate of 2% shall be allowed. Where payments are made subsequently through opening of letter of credit or otherwise, but within a period of one month of presentation of bills by the Transmission Licensee, a rebate of 1% shall be allowed;

44. **Late payment surcharge:**

In case the payment of bills of transmission charges by the beneficiary (s) is delayed beyond a period of 1 month from the date of billing a late payment surcharge at the rate of 1.25% per month shall be levied by the Transmission Licensee;

PART-VII

SLDC CHARGES

45. The Commission shall determine the charges payable to SLDC, considering the ARR components similar to the transmission licensee, to the extent applicable, with regard to the transmission capacity of the respective distribution licensees and open access customers;

Provided that where the administration of SLDC is with State Transmission Utility, the Transmission utility shall maintain separate accounts for the SLDC and file the same before the Commission along with their petition for determination of ARR for each year of the Control Period;

Provided further that after establishment of an independent SLDC by the State Government, the procedure for determination of SLDC Charges and Fees shall be complied with in accordance with KERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2004.

PART-VIII
DISTRIBUTION AND RETAIL SUPPLY BUSINESS

46. **Applicability:**

46.1 The Regulations contained in this Part shall apply to the determination of Wheeling Charges payable for usage of distribution wires by a Distribution System User and tariff for Retail Supply of electricity by a Distribution Licensee;

47. **Segregation of Distribution Business and Retail Supply Business:**

47.1 The Distribution Licensee shall maintain separate books of accounts for Wheeling Business and Retail Supply Business;

The tariff for Wheeling Business and Retail Supply Business of a Distribution Licensee shall be determined by the Commission on the basis of segregated accounts of Wheeling Business and Retail Supply Business;

Provided that in case complete accounting segregation has not been done between the Wheeling Business and Retail Supply Business of the Distribution Licensee, the Aggregate Revenue Requirement of the Distribution Licensee shall be apportioned between the Wheeling Business and Retail Supply Business in accordance with the following Allocation Matrix;

Particulars	Distribution Business (%)	Retail Supply Business (%)
Power Purchase Expenses	-	100
Inter / Intra Transmission Charges	-	100
O and M Expenses	55	45
Depreciation	85	15
Interest on CAPEX	90	10
Interest on Working Capital	15	85

Interest on Consumer Security Deposits	-	100
Bad and Doubtful dues	-	100
Income Tax	In proportion to the approved ARR, excluding Income Tax applicable to Distribution and Retail supply activities.	
Return on Equity	75	25
Other Income	20	80

Note: In case the licensees have different matrix, they may furnish the same in tariff application duly supported by necessary studies.

47.2 The Distribution network cost (Wheeling Charges) and Retail Supply Tariff of the Distribution Licensee shall provide for the recovery of the Aggregate Revenue Requirement of the Distribution Wires Business and the Retail Supply Business for the respective Years of the Control Period, as approved by the Commission and comprising the following components;

Distribution Wires Business	Retail Supply of Electricity
(i) Capital Investment Plant;	(a) Power Purchase Cost;
(ii) Operation and Maintenance expenses with break-up into:	(b) Transmission and SLDC Charges;
i. Employee Cost;	(c) Capital Investment Plant;
ii. Repairs and Maintenance Expenses;	(d) Operation and Maintenance expenses with break-up into:
iii. General and Administration Expenses	i. Employee Cost;
(iii) Depreciation;	ii. Repairs and Maintenance Expenses;
(iv) Interest on Capital Loan;	iii. General and Administration Expenses
(v) Interest on Working Capital;	(e) Depreciation;
(vi) Return on Equity;	(f) Interest on Capital Loan;
(vii) Income Tax;	(g) Interest on Working Capital;
minus	(h) Return on Equity;
(viii) Non-Tariff income;	(i) Income Tax;
(ix) Income from Other Business, to the extent specified in these Regulations:	minus
	(j) Non-Tariff income;

	(k) Income from Other Business, to the extent specified in these Regulations:
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Provided that Depreciation, Interest on CAPEX Loan, Interest on working capital and deposits from consumers and Distribution System Users, Debt-Equity ratio, Return on Equity, and Income Tax for Distribution Licensees shall be allowed in accordance with the provisions specified in **Part V** of these Regulations;

Provided also that prior period income/expenses and other debts shall be allowed by the Commission at the time of Annual Performance Review (truing) up based on audited accounts, on a case to case basis;

Provided that all penalties and compensation payable by the Licensee to any party for failure to meet any Standards of Performance or for damages, as a consequence of the orders of the Commission, Courts, etc., shall not be allowed to be recovered through the Aggregate Revenue Requirement;

Provided also that the Distribution Licensee shall maintain separate details of such penalties and compensation paid or payable by the Licensee, if any, and shall submit them to the Commission along with its Petition;

48. **Capital Investment Plan:**

48.1 The Distribution Licensee shall submit a detailed Capital Investment Plan, financing plan and physical targets for each Year of the Control Period for strengthening and augmentation of its distribution network, meeting the requirement of load growth, reduction in distribution losses, improvement in quality of supply, reliability, metering, reduction in congestion, etc., to the Commission for approval, as part of the Multi-Year Tariff Petition for the entire Control Period.

48.2 The Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects:

- 48.3 The Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required, including but not limited to the information such as number of distribution sub-stations, transformation capacity in MVA and details of distribution transformers of different capacities, HT:LT ratio as well as length of distribution line showing the need for the proposed investments, alternatives considered, cost-benefit analysis and other aspects that may have a bearing on the consumer tariff;

Provided that the Distribution Licensee shall submit separate details of Capital Investment being undertaken in each Distribution Franchisee area within its Licence area;

- 48.4 The Commission shall consider the Capital Investment Plan along with the Multi-Year Aggregate Revenue Requirement for the entire Control Period submitted by the Distribution Licensee taking into consideration the prudence of the proposed expenditure and estimated impact on the consumer tariff;
- 48.5 The capex for the control period for determination of ARR/Tariff shall be on the basis of the actual expenditure incurred on capital investment during the previous control period, duly considering the additional capex programme of the licensee and the inflation factors, subject to prudence check by the Commission of the actual investment;
- 48.6 During the Annual Performance Review, the actual capital expenditure incurred including the procurement of materials for the purpose of capex and accounted on completed works by the distribution Licensee during the relevant financial year shall be scrutinized during the prudence check to ascertain the achievement of stated benefits or system parameters and the reasonableness of the capital investment in accordance with the guidelines and directions issued by the Commission from time to time;

Note:

- (i) Scrutiny of the project cost estimates by the Commission shall be limited to the reasonableness of the capital cost, financing plan, interest during construction, use of efficient technology and such other matters for determination of tariff;
- (ii) While allowing the capital cost, the Commission would ensure that these are reasonable so as to achieve the objective of the investment;

48.7 The Licensee shall submit, along with the Petition for Annual Performance Review (truing-up), the details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require to assess such progress;

48.8 The Licensee shall submit, along with the Petition for Annual Performance Review (truing-up), the details showing the progress of capital expenditure projects, together with such other information, particulars or documents as the Commission may require to assess such progress;

49. **Prudence Check of Capital Works:**

49.1 The Commission shall undertake / cause to undertake prudence check of the following types of capital works of the Distribution Licensees;

- (i) Capacity augmentation / strengthening of sub stations, distribution lines / cables, transformers, circuit breakers etc., to mitigate overloading or to provide redundancy or to improve voltage profile or reduce losses;
- (ii) Upgradation of distribution network in a particular area including ring main systems, for improvement in quality of supply and reliability of distribution system;
- (iii) Construction of Receiving substation, distribution lines and installation of distribution transformers to cater to demand in a particular area;

- (iv) Installation or Upgradation of SCADA / DAS, including required communication system;
- (v) Conversion of overhead wires to underground cables;
- (vi) All metering schemes;
- (vii) Battery Storage Schemes;
- (viii) Capital nature Schemes funded partially / fully by Central or State Government grants.

49.2 The Licensee shall submit to the Commission the list of works / projects / schemes commissioned and categorised for the financial year/s for which the Commission decides to undertake prudence check;

49.3 The Works identified for prudence check shall be subject to detailed scrutiny including the following aspects;

- (a) Whether approval of capex has been obtained from the Commission;
- (b) Whether DPRs were prepared duly indicating the pre and post commissioning benefits in the DPRs/ Estimates;
- (c) Whether the implementation of the project is as per the plan (DPR/ Estimates) or there are no major deviations to the original plan;
- (d) Whether the required objectives as per the DPR have been achieved;

Detailed procedure for conducting the “**Prudence Check**” are enunciated in **Annexure-IV** to these Regulations;

49.4 The disallowance of depreciation and interest on capital expenditure, to the extent of the works considered imprudent, shall be at the rate of depreciation applicable to appropriate heads of accounts like Plant and Machinery etc., as per CERC Regulations /

Notification and interest rate equal to weighted average rates applicable to existing capital loans for relevant years. The disallowance of interest and depreciation on imprudent works shall continue till the work is considered as prudent, by the Commission. The amount so disallowed shall not be reversed / added back in the ensuring ARR gap and same cannot be passed on to the consumers;

Provided also that in case the actual benefits of the Capex are greater than the anticipated benefits, no sharing of gains shall be allowed to the Applicant;

50. **Incentive / Penalty relating to over / under achievement of distribution loss targets:**

50.1 In case the actual distribution loss exceeds the normative loss level approved by the Commission, such excess loss beyond the approved band shall be to the account of distribution Licensee and the distribution Licensee shall be liable for penalty for the excess energy procured at the interface points at the rate of average purchase cost at interface points, as follows;

1	Energy at Interface points with target distribution loss percentage approved by the Commission (grossing up of actual energy sales with target distribution loss) (MU)	
2	Actual Energy at interface points (MU)	
3	Energy loss considered for penalty (MU)	
4	Average power purchase cost at interface point of distribution licensee (Rs./Unit)	
5	Penalty for the excess energy procured (Rs.in Crores) [(3 x 4)/10]	

50.2 In case the actual distribution loss is less than the approved loss level, such savings, lower than the approved band, shall be shared between the distribution licensee and the consumers in the ration of 50:50;

50.3 In case the actual distribution loss falls within the approved band, the distribution licensee shall not be levied penalty or allowed any incentive;

51. **Operation and Maintenance Expenses:**

51.1 The Distribution Licensees shall be permitted to recover through tariff, subject to Annual Performance Review (truing-up), the 'Operation and Maintenance' expenses in accordance with these Regulations.

51.2 The Components of 'Operation and Maintenance' expenses include the following;

Repairs and Maintenance Expenses;

Employee Expenses, excluding contribution towards pension and gratuity, Newly Defined Contributory Pension Scheme and Leave Encashment;

Provided that the Contribution towards pension and gratuity, Newly Defined Contributory Pension Scheme and Leave Encashment and arrears of wage revision, if any to be factored in employee cost shall be separately as un-controllable expenditure;

Administrative and General Expenses;

51.3 The base year 'Operation and Maintenance' expenses shall be based on the latest audited accounts, best estimates of licensee of the actual O&M expenses for relevant years and other factors considered relevant (separately for each of the component indicated in Regulation 51.2);

Provided that such base year 'Operation and Maintenance' expenses shall be escalated at the escalation rate considering Inflation Rate, Consumer Growth Rate and Efficiency Factor, for each year of the Control Period by adopting the following formula;

Formula:

$$[(1 + \text{Inflation Rate} + \text{Consumer Growth Rate} - \text{Efficiency Factor}) \times \text{Base 'Operation and Maintenance' expenses}]$$

Where;

'Inflation Rate' shall be the Wholesale Price Index (WPI) as per the data available from the Ministry of Commerce and Industry, Government of India and Consumer Price Index (CPI) as per the data available from the Labour Bureau, Government of India and adopting the methodology followed by CERC with CPI and WPI in a ratio of 80:20 or such other ratio as may be considered by the Commission, considering the data of past Ten financial years;

'Consumer Growth Rate' shall be the CAGR of past three years' consumer growth rate;

'Efficiency Factor' shall be 1% in respect of all ESCOMs / distribution licensees;

- 51.4 The impact of Wage Revision, if any, may be considered at the time of Annual Performance Review (true-up) for any Year, based on documentary evidence and justification to be submitted by the Petitioner;
- 51.5 While truing-up the 'Operation and Maintenance' expenses, the Commission shall allow the actual O and M expenses or the normative expenses, whichever is lower.
- 51.6 The Provisions/estimates in respect of wage revision expenses shall not be allowed as expenses at the time of Annual Performance Review (true-up), and only expenses actually incurred shall be allowed;

52. **Other Income (Non-Tariff Income):**

- (a) All incomes being incidental to electricity business and derived by the Licensee from sources, including, but not limited to profit derived from

disposal of assets, income from rent of land and buildings, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, interest income on advance to suppliers and contractors, income from rent from staff quarters, income from rent from contractors, income from hire charges from contractors and others, supervision charges for capital works, income from consumer charges levied in accordance with Schedule of Charges approved by the Commission, income from recovery against theft and/or pilferage of electricity, income from advertisements, income from sale of tender documents, miscellaneous receipts from the consumers other Business of the Distribution Licensee shall constitute Non-Tariff Income of the Distribution Licensee.

(b) The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the Aggregate Revenue Requirement in calculating the net revenue requirement of the Distribution Licensee.

53. **Income from Other Business:**

Where the Distribution Licensee has engaged in any Other Business under Section 51 of the Act for optimum utilisation of its assets, an amount equal to two-thirds of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in calculating the Annual Distribution Charges of the Distribution Licensee;

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Business and the Other Business and shall submit the Allocation Statement, duly certified by the Statutory Auditor, to the Commission along with its Petition for determination of Aggregate Revenue Requirement;

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Distribution Licensee on account of such Other Business;

54. Other Debits:

The other debits, for the purpose of Annual Performance Review (truing up) shall be allowed based on the actual expenditure incurred during the year excluding any provisions for bad and doubtful debts and other expenses, subject to due diligence;

55. Net Prior Period debit / credit:

The net prior period debit / credit, for the purpose of Annual Performance Review (truing up), shall be allowed as per the actual expenditure/ income incurred / received by the Distribution Licensee during the year, as per the audited accounts, subject to due diligence.

56. Determination of tariff for Distribution Wires Business:

(a) The Wheeling Charges of the Distribution Licensee shall be determined by the Commission considering the ARR pertaining to distribution wires business;

(b) The allocation of the ARR pertaining to distribution wires business may be allocated to HT and LT networks for determining the wheeling charges in the ratio of 30:70, as per the following formula;

$$\begin{array}{l}
 \text{(A) Wheeling Charges =} \frac{\text{ARR of Distribution Wires Business}}{\text{(Paise/kWh)} \quad \text{(Rs.in Crores)}} \times 10^3 \\
 \text{Energy Sales(MU)} \\
 \\
 \text{Wheeling Charges for HT} \quad \quad \quad \quad \quad 30\% \text{ of (A)} \\
 \text{Network (Paise/kWh)} \quad \quad \quad \quad \quad \text{(to be rounded off to nearest paise)} \\
 \\
 \text{Wheeling Charges for LT} \quad \quad \quad \quad \quad 70\% \text{ of (A)} \\
 \text{Network (Paise/kWh)} \quad \quad \quad \quad \quad \text{(to be rounded off to nearest paise)}
 \end{array}$$

(c) The Distribution Licensee Wires Business shall be allowed to recover, in kind, the approved target level of Wheeling Losses in accordance with Regulation 6 of these Regulations;

57. Determination of Retail Supply Tariff:

57.1 The Commission may categorize consumers on the basis of their load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the

geographical position of any area, the nature of supply and the purpose for which the supply is required;

- 57.2 The retail supply tariff for different consumer categories shall be determined on the basis of the Average Cost of Supply, computed by dividing Aggregate Revenue Requirement of the Distribution Licensee for the Year by total approved sales of the Distribution Licensee for the respective Year. The approved ARR shall also include revenue gap / surplus as per APR of the previous year/s.

Provided that, the Commission shall ensure recovery of fixed charge components of the ARR in a reasonable manner in the form of fixed charges / additional surcharge from the retail supply consumers / open access consumers;

- 57.3 The Commission shall compute the voltage-wise cost of supply and indicate the level of cross- subsidisation in the Tariff Order separately.
- 57.4 The Commission shall endeavour to gradually reduce the cross-subsidy between consumer categories with respect to the Average Cost of Supply in accordance with the provisions of the Act;
- 57.5 While determining the tariff, the Commission may keep in view the cost of supply at different voltage levels and the need to minimise tariff shock to consumers;

PART-IX
SUBSIDY, CROSS SUBSIDY SURCHARGE AND ADDITIONAL
SURCHARGE

58. **Subsidy:**

- (a) The Commission shall determine that Aggregate Revenue Requirement and Tariff without considering subsidy;

Provided that in case the State Government declares subsidy in advance or during tariff filing proceedings and the licensee incorporates the subsidy in the petition, the Commission shall notify two tariff schedules, one with subsidy and the other without subsidy;

- (b) In case of no disbursement or delayed disbursement of subsidy by the Government, the licensee shall charge consumers as per the tariff schedule approved by the Commission, without consideration of subsidy;
- (c) The distribution licensee shall submit to the Commission on quarterly basis the information on subsidy due, subsidy overdue and subsidy realized based on actual energy supplied to subsidized categories of consumer, in the format as prescribed by the Commission from time to time. The report on subsidy status shall be hosted on the distribution licensee's website;

59. **Cross Subsidy Surcharge and Additional Surcharge:**

- 59.1 The consumers who are permitted open access through the transmission network of the Transmission Licensee and the Distribution network of a Distribution Licensee shall pay to the Distribution Licensee in whose area the consumer is located, a cross subsidy surcharge as per the formula prescribed in the Government of India's Tariff Policy as follows;

Formula:

$$S=T-C/(1-L/100)+D+R$$

Where

S is the Cross Subsidy Surcharge, subject to maximum of twenty percent of the average cost of supply;

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level;

R is the per unit cost of carrying regulatory asset;

59.2 In terms of Section 42(4) of the Electricity Act, 2003, when there is unavoidable obligation and incidence to bear fixed costs consequent to allowing a consumer to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge to meet the fixed cost of such distribution licensee arising out of its obligation to supply.

The Commission shall determine the Additional Surcharge based on the approved ARR for the relevant year, in the tariff orders to be issued from time to time.

59.3 The amount received or to be received by the licensee on account of cross-subsidy surcharge and additional surcharge, as approved by the Commission from time to time, shall be shown separately against the consumer category that is permitted open access;

59.4 Cross-subsidy surcharge and additional surcharge shall be shown as revenue from the tariff from the consumer categories who have been

permitted open access and such amount shall be utilized to meet the cross-subsidy requirements of subsidized categories and fixed costs of the Distribution Licensee arising out of his obligation to supply;

Provided that the licensee shall provide such details in its tariff filings for the Control Period;

- 59.5 The Commission shall compute the Cross Subsidy Surcharge and Additional Surcharge, for levying to the open access consumers, in the Tariff Orders.

PART-X

MISCELLANEOUS

60. Power to amend:

The Commission may, at any time, amend any provisions of these Regulations;

61. Power to remove difficulties:

If any difficulty arises in giving effect to the provisions of these Regulations, the Commission may, by general or specific order, make such provisions not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulty;

62. Repeal and savings:

(a) Save as otherwise provided in these Regulations, the following Regulations are hereby repealed;

- i. The Karnataka Electricity Regulatory Commission (Tariff) Regulations, 2000 and amendments thereof;
- ii. The Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Sale of Electricity) Regulations, 2006 and its amendments thereof;
- iii. The Karnataka Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Transmission of Electricity) Regulations, 2006 and its amendments thereof;

(b) Notwithstanding such repeal, any proceedings before the Commission pertaining to the period prior to the commencement of these Regulations, including Petitions for Annual Performance Review (True up) of expenses, annual performance review, etc. shall be governed by the Regulations mentioned in Regulation 63 (a) above;

63. Saving of inherent power of the Commission:

63.1 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary for ends of justice or to prevent abuse of the process of the Commission;

63.2 Nothing in these Regulations shall bar the commission from adopting in conformity with the provisions of the Act a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters;

63.3 Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit;

By the approval of the Commission

**Secretary,
Karnataka Electricity Regulatory
Commission.**

METHODOLOGY FOR COMPUTATION OF AT&C LOSS

A	Input Energy (MU)	Energy Generated - Auxiliary Consumption + Energy Purchased (Gross) - Energy Traded / Inter-State Sales.
B	Transmission Losses (MU)	
C	Net Energy Input (MU)	A-B Open Access / wheeling units shall not be included in Net Input Energy.
D	Energy Sold (MU)	Energy Sold to all categories of consumers excluding units of Energy Traded / Inter-State Sales. Open Access / wheeling units shall not be included in Energy Sold.
E	Revenue from Sale of Energy (Rs.in Crores)	Revenue from Sale of Energy to all categories of consumers (including subsidy booked) but excluding Revenue from Energy Traded / Inter-State Sales. Unbilled Revenue shall not be considered.
F	Adjusted Revenue from Sale of Energy on Subsidy Received basis (Rs.in Crores)	Revenue from Sale of Energy (same as E above) minus Subsidy Booked plus total Tariff Subsidy received during the year including arrears (if any).
G	Opening Debtors for Sale of Energy (Rs.in Crores)	Opening debtors for Sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors.
H	Closing Debtors for Sale of Energy (Rs.in Crores)	i) Closing debtors for Sale of Energy as shown in Receivable Schedule (Without deducting provisions for doubtful debts). Unbilled Revenue shall not be considered as Debtors. ii) Any amount written off during the year directly from (i)
I	Adjusted Closing Debtors for Sale of Energy (Rs.in Crores)	H (i+ii)
J	Collection Efficiency (%)	(F+G-I)/E x 100
K	Units Realized (MU) = [Energy Sold x Collection Efficiency]	D X J/100
L	Units un-realized (MU) = [Net Input Energy - Units Realized]	C-K
M	AT&C Loss (%) = [(Units un-realized / Net Input Energy)x100]	L/C x 100

:##:##:##:

ANNEXURE-II

**Distribution Formats
25 Formats (33 pages)**

Format No.	Format Description
A1(D)	Annual Revenue Requirement
A2(D)	Balance Sheet
A3(D)	Cas Flow Statement
A4(D)	Annual Revenue Requirement
D-1	Power Purchase
D-2	Revenue from Sale of Power
D-3	Tariff Subsidy
D-4	Other Income (Non Tariff Income)
D-5	Repairs and Maintenance Expenses
D-6	Employee Expenses
D-7	Administrative and General Expenses
D-8	Depreciation
D-9	Loans and Interest Charges
D-10	Expenses Capitalized
D-11	Other Debits
D-12	Extraordinary / Exceptional Items
D-13	Net Prior Period Credits / (Charges)
D-14	Contributions / Grants / Subsidy towards capital assets
D-15	Gross Fixed Assets and Intangible Assets
D-16	Net Fixed Assets
D-17	Work-in-Progress
D-18	Demand, Collection and Balance (DCB)
D-18A	Demand, Collection and Balance (DCB) Category wise
D-19	Energy Flow Diagram
D-20	Existing and Proposed Tariff
D-21	Revenue at Existign and Proposed Tariff
D-22	Expected Revenue when Proposed Tariff is Introduced for a Part Year
D-23	Estimation of Voltage Class wise Cost of Supply
D-24	External Subsidy (Allocation of external subsidy among consumer classes)

Note-1:

In the formats;

Previous FYs means the previous financial years to the current year.

For clarity the following illustration may be followed;

If the Current Year is 2023-24, then

1st previous FY is 2022-23

2nd previous FY is 2021-22

3rd previous FY is 2020-21

1st FY of the Control Period is 2024-25

2nd FY of the Control Period is 2025-26

3rd FY of the Control Period is 2026-27

Licensee Name

Format A1(D)

Annual Revenue Requirement

All Rs. In Cr.

Ref. Form	Particulars	3rd Previous FY As approved in APR	2nd Previous FY As approved in APR	1st Previous FY As approved in APR	Current FY	1st FY of the Control Period	2nd FY of the Control Period	3rd FY of the Control Period
D-1	Energy Purchased at Generation Point (Mus)							
	Energy at Transmission Level (Mus)							
	Transmission Loss (%)							
	Energy at Interface Point (Mus)(without Society/SEZ/Deemed Licensee)							
	Society / SEZ / Deemed Licensee Consumption							
	Sub-Total:							
D-2	Energy Sales (Mus)(without Society / Deemed Licensee)							
D-2	Society / SEZ / Deemed Licensee Consumption							
	Sub-Total:							
	Distribution Loss (%)							
REVENUE:								
D-2	Revenue from sale of power							
D-2	Miscellaneous Revenue							
D-3	Revenue from Tariff Subsidies							
D-2	TOTAL REVENUE							
EXPENDITURE:								
D-1	Purchase of Power							
D-1	CTUIL / GNA Charges							
D-1	Tr. Charges payable to KPTCL							
D-1	SLDC Charges							
D-1	Sub-Total:							
D-5	Repairs & Maintenance							
D-6	Employee Costs							
D-7	Administrative & General expenses							
D-8	Depreciation & related debits							
D-9	Interest & Finance charges							
D-10	LESS: Other charges capitalized							
D-11	Other debits (not involving cash outflow)							
D-12	Regulatory Deferral Account Balances / Extraordinary / Exceptional Items							
D-13	Net prior period (credits) / charges							
D-2	Less: Income from Society/SEZ/Deemed Licensees							
D-4	Less: Other Income							
	Income Tax							
	Sub-Total:							
	TOTAL EXPENDITURE							
	Surplus / ((-)Deficit):							
A-4	Return on Equity							
	APR (Surplus) / Deficit Carry forward							
	Regulatory Asset							
	Carrying Cost on Regulatory Asset							
	Disallowances							
	Sub-Total:							
	ANNUAL REVENUE REQUIREMENT							
REVENUE SURPLUS / (DEFICIT):								

Licensee Name

Format A2(D)

BALANCE SHEET

All Rs. In Cr.

Sl.	Particulars	3rd Previous FY As per Accounts	2nd Previous FY As per Accounts	1st Previous FY As per Accounts	Current FY	1st FY of the Control Period	2nd FY of the Control Period	3rd FY of the Control Period
I. SOURCES OF FUNDS (Rs. In Cr.)								
A. Shareholders Funds								
	i. Paid-up Share Capital							
	ii. Share Application money pending allotment							
	iii. Retained Earnings							
	iv. Proposed adjustment to net worth							
	v. Capital Reserve							
	vi. Reserve for material cost variance							
	A-Subtotal:							
B. Borrowings:								
	i. Borrowings for Capital Expenditure (1#) [Format D-9]							
	ii. Borrowings for Working Capital [Format D-9]							
	B-Subtotal:							
	C. Contributions, Grants & Subsidies towards cost of Capital (2#)							
	TOTAL SOURCES OF FUNDS (A+B+C):							
II. APPLICATION OF FUNDS (Rs. In Cr.)								
A. Net Fixed / Intangible Assets								
	i. Gross Fixed Assets [Format D-15]							
	ii. Less: Accumulated Depreciation [Format D-8]							
	iii. Net Fixed Assets (i-ii)							
	iv. Gross Intangible Assets [Format D-15]							
	v. Less: Accumulated Amortization [Format D-8]							
	vi. Net Intangible Assets (iv-v)							
	vii. Capital Work-in-Progress [Format D-17]							
	IIA-Subtotal:							
B. Investments:								
	i. Investments							
	ii. Deposits with Government Departments							
	iii. Deposits with Others							
	iv. Interest accrued on investments							
	IIB-Subtotal:							
C. Net Current Assets								
a. Current Assets								
	i. Inventories							
	ii. Trade Receivables (Receivables against Sale of Power)							
	iii. Subsidy receivable from Government							
	iv. Other receivable from Government							
	v. Income Tax paid in Advance							
	vi. Receivable from KPTCL							
	vii. Receivable from ESCOMs- Relating to energy balancing							
	viii. Receivable from ESCOMs- Others							
	ix. Capital Advances to Suppliers and Contractors							
	x. Cash & Bank Balances							
	xi. Regulatory Deferral Account							
	xii. Sundry Receivables							
	a-Total Current Assets:							
b. Current Liabilities								
	i. Initial /Addl. / Meter Security Deposits from Consumers							
	ii. Security Deposits from suppliers / contractors							
	iii. Interest on belated Power Purchase Cost- KPCL							
	iv. Interest on belated Power Purchase Cost- Others							
	v. Employee related liabilities / provisions							
	vi. Payable to KPTCL							
	vii. Payable to ESCOMs							
	viii. Payable to Suppliers / Contractors							
	ix. Sundry Creditors for sale of power							
	x. Sundry Liabilities							
	b-Total Current Liabilities:							
	Net Current Assets [a-b]							
	TOTAL APPLICATION OF FUNDS (IIA+IIB+IIC)							

Name of the LICENSEE:

Format A3(D)

CASH FLOW STATEMENT

All Rs. In Cr.

Sl. No.	Particulars	3rd Previous FY As per Accounts	2nd Previous FY As per Accounts	1st Previous FY As per Accounts	Current FY	1st FY of the Control Period	2nd FY of the Control Period	3rd FY of the Control Period
A	Cash Flow from Operating Activities:							
1	Profit before Tax							
2	Depreciation and Amortization							
3	Finance Costs							
4	Loss / Profit on sale of Assets							
5	Material Cost Variance							
6	Interest Income							
7	Provision for Bad & Doubtful Debts							
8	Provision for Terminal Benefits							
9								
10								
	A. Sub-Total:							
B	Changes in Working Capital:							
	Adjustments for (increase) / decrease in Operating Assets							
1	Inventories							
2	Trade Receivables							
3	Loans and Advances							
4	Other Current Assets							
5	Other Non-Current Assets							
6								
7								
	Adjustments for increase / (decrease) in Operating Liabilities							
11	Trade Payables							
12	Other Current Liabilities							
13	Other Non-Current Liabilities							
14	Short-Term Provisions							
15	Long-Term Provisions							
16								
17								
	B. Sub-Total:							
	Net Cash Flow from Operative Activities (A+B):							
C	Cash Flow from Investing Activities:							
1	Capital Expenditure on Fixed Assets including Capital Advances							
2	(Increase) / Decrease in CWIP							
3	Proceeds from sale of Fixed Assets							
4								
5								
	C. Sub-Total:							
D	Cash Flow from Financing Activities:							
1	Proceeds from shares deposits							
2	Proceeds from Capital Expenditure borrowings							
3	Repayment of Capital Expenditure borrowings							
4	Net increase / (decrease) in Working Capital borrowings							
5	Contributions, Grants and Subsidies towards Cost of Capital Assets							
6	Finance Costs							
7								
8								
	D. Sub-Total:							
	Net increase / (decrease) in Cash and Cash Equivalents (A+B+C+D):							
	Cash and Cash Equivalents at the beginning of the year:							
	Cash and Cash Equivalents at the end of the year:							
Breakup details of Cash and Cash Equivalents at the end of the year as per Balance Sheet:								
	Cash on Hand							
	In Current Accounts							
	In Deposit Accounts							
	Sub-Total:							

Licensee Name

Format A4

RETURN ON EQUITY

All Rs. In Cr.

Sl. No.	Particulars	3rd Prev. FY As per Accounts	2nd Prev. FY As per Accounts	1st Prev. FY As per Accounts	Current FY	1st FY of the Control Period	2nd FY of the Control Period	3rd FY of the Control Period
1	Opening Balance: Paid-up Share Capital							
2	Opening Balance: Share Application money pending allotment							
3	Opening Balance: Retained Earnings							
	Total Equity:							
	Less: Recapitalized Security Deposit							
	Equity Considered for ROE Computation for the year							
	ROE: _____%							
	ROE: _____% with MAT @ (+MAT @ ___% + _____%Surcharge + _____%Cess=_____%)							
	Closing Balance: Accumulated Surplus (Deficit) as per Accounts							

Licensee Name Format D-1

Power Purchase Cost

All Rs. In Cr.

Particulars	Previous Year										Current Year	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
	Generation Capacity Share as per GOK Order (%)	Generation Capacity as per GOK Share (MW)	Energy Procurement for sale (MU)	Capacity Charges (Rs.in Cr.)	Variable Charges (Rs./Unit)	Variable Charges (Rs.in Cr.)	Late Payment / Interest charges (Rs.in Cr.)	Other Charges / Adjustments (Rs.in Cr.)	Total Power Purchase Cost (Rs.in Cr.)	Total Power Purchase Cost (Rs./Unit)	(columns similar to Previous FY to be taken)	(columns similar to Previous FY to be taken)	(columns similar to Previous FY to be taken)	(columns similar to Previous FY to be taken)
A. KPCL Thermal Stations:														
Sub Total:														
B. KPCL Hydel Stations:														
Sub Total:														
C. Central Generating Thermal Stations:														
Sub Total:														
D. Bundled Power:														
Sub Total:														
E. Independent Power Producers (other than RE):														
Sub Total:														
F. Other Hydro Stations (other than KPCL):														
Sub Total:														
G. Renewable Energy:														
Sub Total:														
H. Transmission / Grid Operation charges:														
Sub Total:														
I. Other Charges / Credits / Adjustments:														
Sub Total:														
J.LESS:														
Sub Total:														
GRAND TOTAL:														

Licensee Name Format D-2

Revenue From Sale of Power

Format D-2
(page 1 of 2)

All Rs. In Cr.

Sl. No.	Tariff Category	Category Description	3rd previous FY				2nd previous FY				1st previous FY				Current FY			
			No. of Installations	Energy Sales (MU)	Revenue (Rs.in Crores)	Avg. Real. Rate (Paise / Unit)	No. of Installations	Energy Sales (MU)	Revenue (Rs.in Crores)	Avg. Real. Rate (Paise / Unit)	No. of Installations	Energy Sales (MU)	Revenue Demand (Rs.in Cr)	Avg. Real. Rate (Paise / Unit)	No. of Installations	Energy Sales (MU)	Revenue Demand (Rs.in Cr)	Avg. Real. Rate (Paise / Unit)
LT Tariff Categories																		
		Sub-Total A:																
HT Tariff Categories																		
		Sub-Total B:																
		Total (A+B)																
1		Special Economic Zones / Deemed Licensees																
2		KPCL Consumption																
3																		
4																		
		Sub-Total C:																
1		FPPCA (#)																
2		Service connection charges																
3		Delayed payment charges																
4		Wheeling Charges																
5		Cross Subsidy Surcharge																
6		Additional Surcharge																
7		Other receipts																
8																		
		Sub-Total D:																
E.		Less: Withdrawal of Revenue Demand																
F.		Less: Provision for withdrawal of Revenue Demand																
		GRAND TOTAL (A+B+C+D-E-F):																
G.																		
		GRAND TOTAL (A+B+C+D-E-F+G):																

Licensee Name

Format D-2
(page 2 of 2)

Revenue From Sale of Power

Sl. No.	Tariff Category	Category Description	Revenue at Current Tariff Charges			Revenue at Proposed Tariff Charges		
			1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
			(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)
LT Tariff Categories								
		Sub-Total A:						
HT Tariff Categories								
		Sub-Total B:						
		Total (A+B)						
1		Special Economic Zones / Deemed Licensees						
2		KPCL Consumption						
3								
4								
		Sub-Total C:						
1		FPPCA (#)						
2		Service connection charges						
3		Delayed payment charges						
4		Wheeling Charges						
5		Cross Subsidy Surcharge						
6		Additional Surcharge						
7		Other receipts						
8								
		Sub-Total D:						
E.		Less: Withdrawal of Revenue Demand						
F.		Less: Provision for withdrawal of Revenue Demand						
		GRAND TOTAL (A+B+C+D-E-F):						
G.								
		GRAND TOTAL (A+B+C+D-E-F+G):						

Licensee Name Format D-3

Tariff Subsidy

All Rs. In Cr.

Format D-3

Format D-3

Sl. No.	Tariff Category	Category Description	Previous FY				Current FY				@ Current Tariff Charges			@ Proposed Tariff Charges		
			Opening Balance (Rs.in Cr.)	Subsidy Demand (Rs.in Cr.)	Subsidy Receipt (Rs.in Cr.)	Closing Balance (Rs.in Cr.)	Opening Balance (Rs.in Cr.)	Subsidy Demand (Rs.in Cr.)	Subsidy Receipt (Rs.in Cr.)	Closing Balance (Rs.in Cr.)	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
											Subsidy (Rs.in Cr.)	Subsidy (Rs.in Cr.)	Subsidy (Rs.in Cr.)	Subsidy (Rs.in Cr.)	Subsidy (Rs.in Cr.)	Subsidy (Rs.in Cr.)
Tariff Subsidy																
1		IP Sets (10 HP and below)														
2																
3																
4																
		TOTAL:														
Free Power Supply Charges borne by Government:																
1		Gruha Jyothi														
2																
3																
4																
		TOTAL:														
		GRAND TOTAL:														

Licensee Name

Format D-4

No.		Other Income (Non Tariff Income)		All Rs. in Crores		
		Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
A.	<u>Interest Income:</u>					
1	Recoveries for theft of power					
2	Interest received from Income Tax Department					
3	Interest on Bank Fixed Deposits					
4	Interest earned on un-utilized funds					
5	Interest on loans & advances					
6	Interest on savings bank account					
7	Interest received under NEF schemes					
8						
9						
10						
	Sub-Total:					
B.	<u>Other Non-Operating Income:</u>					
1	Profit on sale of stores					
2	Sale of scrap					
3	Other Miscellaneous receipts from Trading					
4	Gain on sale of assets					
5						
6						
7						
	Sub-Total:					
C.	<u>Miscellaneous Receipts:</u>					
1	Rental from staff quarters					
2	Rental from others (includes renting of plant & machineries)					
3	Excess found on physical verification of material stock					
4	Sundry credit balance written back					
5	Penalty recovered from suppliers / contractors					
6	Rebate for collection of electricity duty					
7	Miscellaneous Recoveries					
8	Incentives Received					
9	Other income relating to purchase of power					
10	Subsidies against loss on account of flood, fire, cyclone, etc.					
11						
12						
13						
	Sub-Total:					
D.	<u>Others:</u>					
1						
2						
3						
4						
5						
	Sub-Total:					
	GRAND TOTAL:					

Licensee Name

Format D-5

Repairs and Maintenance Expenses

All Rs. in Crores

Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
1	Buildings					
2	Plant and Machinery					
3	Lines, Cable Network, etc.,					
4	Civil Works					
5	Vehicles					
6	Furniture & Fixtures					
7	Office Equipments					
8	Less: R&M Works Charged to Capital Works					
9						
10						
	TOTAL:					
	Less: R&M Works Charged to Capital Works					
	TOTAL:					

Licensee Name

Format D-6

		Employee Expenses		All Rs. in Crores		
Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
A.	<u>Salaries and Wages:</u>					
1	Salaries					
2	Overtime					
3	Dearness Allowance					
4	Other Allowances					
5	Payment to helpers / employees of Mazdhur gang					
	Total-A:					
B.	<u>Staff Welfare Expenses:</u>					
1	Bonus					
2	Medical Expenses Reimbursement					
3	Earned Leave Encashment					
4	Earned Leave Encashment to retired / deceased employees					
5	Pension & Leave contribution of employees on deputation					
6	Payment under Workmens' Compensation Act					
7						
8						
9						
	Total-B:					
C.	<u>Terminal Benefits:</u>					
1	Company Contribution - PF					
2	Company Contribution-Pension					
3	Company Contribution-Gratuity					
4	Company Contribution-NDCPS-w.e.f. 01.04.2006					
5	Company Contribution-NDCPS-Gratuity-Appointed upto 13.02.2015					
6	Company Contribution-NDCPS-Gratuity-Appointed after 13.02.2015					
7	Company Contribution-NDCPS-Family Pension-Appointed upto 13.02.2015					
8	Company Contribution-NDCPS-Family Pension-Appointed after 13.02.2015					
9	Company Contribution-NDCPS-Deputed Employees from other departments					
10						
11						
12						
	Total-C:					
D.	Less: Employee Costs Charged to Capital Works					
	GRAND TOTAL (A+B+C):					

Licensee Name

Format D-7

		<u>Administrative & General Expenses</u>		<u>All Rs. in Crores</u>		
Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
1	Payment to Auditors / Consultants / Other Professional Charges					
2	Power / Fuel / Water Charges					
3	Rent					
4	Rates and Taxes / service tax (excluding taxes on income)					
5	Communication (Telephones, internets, postage, etc.)					
6	Remuneration to contract agencies for services obtained					
7	Conveyance and Travelling expenses					
8	Consumer Relation / Education expenses					
9	CSR related activities					
10	Other expenses (involving cash outflow)					
	Sub-Total:					
	Less: A&G Expenses Charged to Capital Works					
	TOTAL					

Note: The Debits which does not involve actual cash flow shall be indicated in Format D-11.

Licensee Name Format D-8

Depreciation

All Rs. in Crores

Sl.	Particulars	Previous FY				Current FY				1st FY of the Control Period				2nd FY of the Control Period				3rd FY of the Control Period			
		O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.
A.	Tangible Assets:																				
1	Plant & Machinery, Lines, Cables, networks, hydraulic works																				
2	Buildings																				
3	Vehicles																				
4	Civil Works																				
5	Furniture Fixtures																				
6	Office Equipments																				
7	Reused released Plant & Machinery, Lines, Cables, networks.																				
8	Land: Free Hold																				
9	Land: Lease Hold																				
	Sub-Total A:																				
B.	Non-Tangible Assets:																				
1																					
2																					
3																					
4																					
5																					
	Sub-Total B:																				
	Total (A+B):																				
C.	Less: Depreciation on Grants and Consumer contribution																				
	Total (A+B-C):																				

Licensee Name

Format D-9

Loans and Interest Charges

All Rs.in Crores

Format D-9

Sl. No.	Particulars	Previous FY					Current FY (Projections)					1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period	
		O.B.	New Loan	Rapayment	C.B.	Interest on Loan	Interest Rate (%)	O.B.	New Loan	Rapayment	C.B.	Interest on Loan	Interest Rate (%)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)
	Long Term/ CAPEX Loans from Commercial Banks;														
A	Bank-1														
	1														
	2														
	Sub-Total:														
B	Bank-2														
	1														
	2														
	Sub-Total:														
C	Bank-3														
	1														
	2														
	Sub-Total:														
D	Bank-														
	Total CAPEX Loan from Commercial Banks														
K	Loan from other financial institutions for CAPEX:														
	1 PFC														
	2 REC														
	3 ADB														
	4 KUIDFC														
	5														
	6														
	Sub-Total:														
	Total CAPEX Loan:														
L	Working Capital Loan (please reref Note (#) below):														
	1 Bank-1														
	2 Bank-2														
	3														
	4														
	Sub-Total:														
M	Other Interest Charges:														
	1 Other Interest and Finance charges														
	2 Interest on belated power purchase Expenses														
	3 Interest on Consumer Security Deposit														
	Sub-Total:														
N	Less: Interest & Finance Charges capitalized														
	GRAND TOTAL														

(#) Shall include short term loan, bank overdraft, covid loan, etc., which are taken for payment of power purchase cost or any other revenue expenditure:

** Loan Repayment shall be equal to Depreciation charged for the year
 Total of long-term Loans shall agree with Balance Sheet figures (A-2 Format)
 Total of Interest on loans shall agree with P & L Acct (A-1 Format)

Licensee Name Format D-10

Sl.	Particulars	Details of Expenses Capitalized			All Rs. in Crores		Format D-10
		Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
	TOTAL						

NOTE: The expenses that are capitalized, other than those indicated in Formats D-5, D-6, D-7, D-8 and D-9 shall be indicated in this format.

Licensee Name Format D-11

		Other Debits		<u>All Rs. in Crores</u>			Format D-11
Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period	
1	Material Cost Variance						
2	Amortization of lease hold assets						
3	Provision for Bad & Doubtful Debts						
4							
5							
6							
7							
8							
9							
10							
	TOTAL						

Note: Please refer Note under Format D-7.

Licensee Name | Format D-12

All Rs. in Crores

Format D-12

Regulatory Deferral Account Balances / Extraordinary / Exceptional Items

Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
A.	DEBITS:					
1						
2						
3						
4						
5						
	Sub-Total-A:					
B.	CREDITS:					
1						
2						
3						
4						
5						
	Sub-Total-B:					
	TOTAL					

Licensee Name **Format D-13**

		Net Prior Period Credits (Charges) All Rs. in Crores			Format D-13	
Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
A.	Income Relating to Previous Years:					
1						
2						
3						
4						
5						
	Sub-Total A:					
B.	Expenses Relating to Previous Years:					
1						
2						
3						
4						
5						
	Sub-Total B:					
	TOTAL					

Licensee Name

Format D-14

Contributions / Grants / Subsidy towards capital assets

All Rs. in Crores

Sl.	Particulars	Previous FY			Current FY			1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
		Additions	Depreciation	C.B.	Additions	Depreciation	C.B.	.....	.....	.....
			Reversed			Reversed		(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)
A.	Capital Subsidy / Grants received from GOK / GOI									
1	Capital Subsidy									
2	Grants from GOK									
3	Grants from GOI									
4										
5										
	Sub-Total									
B.	Consumers' contribution towards capital assets									
1	Self Execution Works									
2	Deposit Contribution Works									
3										
4										
5										
	Sub-Total									
	GRAND TOTAL:									

Licensee Name

Format D-15

Gross Fixed Assets and Intangible Assets

All Rs. in Crores

Sl.	Particulars	Previous FY				Projections				1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
		O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	.....	.....	.....
A.	Tangible Assets:									(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)
1	Plant & Machinery, Lines, Cables, networks, hydraulic works											
2	Buildings											
3	Vehicles											
4	Civil Works											
5	Furniture Fixtures											
6	Office Equipments											
7	Reused released Plant & Machinery, Lines, Cables, networks,											
8	Land: Free Hold											
9	Land: Lease Hold											
	Sub-Total:											
B.	Non-Tangible Assets:											
1												
2												
3												
4												
5												
	Sub-Total:											
	GRAND TOTAL:											

NOTE: Gross Tangible Assets shown in the above format shall include all the Assets including the assets created out of consumer contribution / Government grants / Capital Subsidy.

Gross Tangible Assets created out of consumer contribution / Government grants / Capital Subsidy shall be indicated in the below table.

Particulars	Previous FY				Projections				1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	.....	.....	.....
									year to be taken)	year to be taken)	year to be taken)
Plant & Machinery, Lines, Cables, networks, hydraulic works											

Licensee Name

Format D-16

Net Fixed Assets and Intangible Assets

All Rs. in Crores

Sl. No.	Particulars	Previous FY				Projections				1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
		O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	..... (columns similar to Current year to be taken)	..... (columns similar to Current year to be taken)	..... (columns similar to Current year to be taken)
A.	<u>Tangible Assets:</u>											
1	Plant & Machinery, Lines, Cables, networks, hydraulic works											
2	Buildings											
3	Vehicles											
4	Civil Works											
5	Furniture Fixtures											
6	Office Equipments											
7	Reused released Plant & Machinery, Lines, Cables, networks,											
8	Land: Free Hold											
9	Land: Lease Hold											
	Sub-Total A:											
B.	<u>Non-Tangible Assets:</u>											
1												
2												
3												
4												
5												
	Sub-Total B:											
	Total (A+B):											

Licensee Name

Format D-17

Work-in-Progress

All Rs. in Crores

Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
	Opening balance					
	Add:					
i.	Capital expenditure					
ii.	Interest & Finance charges capitalised					
iii.	Other expenses capitalised					
	Total capital expenditure for the year					
	Less:					
	Expenditure Capitalised (Transferred to Format D15)					
	TOTAL					

Licensee Name

Format D-18

Demand, Collection and Balance for the FIRST PREVIOUS YEAR and UPTO SEPTEMBER OF THE CURRENT YEAR

(Rs in Crores)

SL NO	NAME OF ZONE/CIRCLE/ DIVISION	OPENING BALANCE		FOR THE YEAR						CLOSING BALANCE	
		PRINCIPAL	INTEREST	DEMAND		COLLECTION		COLLECTION %		PRINCIPAL	INTEREST
				PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		
1	Division-1										
2	Division-2										
3	Division-3										
4	Division-4										
	...										
	...										
	CIRCLE - Total										
	Zone - Total										
	COMPANY TOTAL (OF ALL ZONES)										

Note: 1) INFORMATION TO BE FURNISHED DIVISION WISE WITH CIRCLE AND ZONWISE TOTALS

2) ADDITIONAL INFORMATION TARIFFWISE TO BE FURNISHED IN FORM D18A

Licensee Name

Format D-18A
Demand, Collection and Balance for the FIRST PREVIOUS YEAR and UPTO SEPTEMBER OF THE CURRENT YEAR

	Particulars	Tariff wise category of consumers						Misc.	Total
Division-1	No. of installations								
	Consumption (MU)								
	Consumption per installations (kWh)								
	Opening Balance (Rs.in Crores)								
	Demand (Rs.in Crores)								
	Demand per unit (kWh)								
	Collection (Rs.in Crores)								
	Closing Balance								
Division-2	No. of installations								
	Consumption (MU)								
	Consumption per installations (kWh)								
	Opening Balance (Rs.in Crores)								
	Demand (Rs.in Crores)								
	Demand per unit (kWh)								
	Collection (Rs.in Crores)								
	Closing Balance								
.....	No. of installations								
	Consumption (MU)								
	Consumption per installations (kWh)								
	Opening Balance (Rs.in Crores)								
	Demand (Rs.in Crores)								
	Demand per unit (kWh)								
	Collection (Rs.in Crores)								
	Closing Balance								
Circle Total	No. of installations								
	Consumption (MU)								
	Consumption per installations (kWh)								
	Opening Balance (Rs.in Crores)								
	Demand (Rs.in Crores)								
	Demand per unit (kWh)								
	Collection (Rs.in Crores)								
	Closing Balance								
Zone Total	No. of installations								
	Consumption (MU)								
	Consumption per installations (kWh)								
	Opening Balance (Rs.in Crores)								
	Demand (Rs.in Crores)								
	Demand per unit (kWh)								
	Collection (Rs.in Crores)								
	Closing Balance								
Company Total	No. of installations								
	Consumption (MU)								
	Consumption per installations (kWh)								
	Opening Balance (Rs.in Crores)								
	Demand (Rs.in Crores)								
	Demand per unit (kWh)								
	Collection (Rs.in Crores)								
	Closing Balance								

Licensee Name

Format D-19

Energy Flow Diagram

To be furnished for
Previous FY
Current Year
1st FY of the Control Period
2nd FY of the Control Period
3rd FY of the Control Period

Licensee Name

Format D-22

Expected Revenue when Proposed Tariff is Introduced for a Part Year

Sl. No	Tariff Category	Type of Installation	Energy Sales (MU)			Revenue (Rs in Crs)		
			At Current Tariff	At Proposed Tariff	Total	At Current Tariff	At Proposed Tariff	Total

Licensee Name

Format D-23

Estimation of Voltage Class wise Cost of Supply

Voltage Levels	Previous FY				Current Year				1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
	66 KV & Above	HT	LT	Total	66 KV & Above	HT	LT	Total	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)
Energy Sales (MU)											
Energy INPUT At Each Voltage Level (MU)											
Distribution Loss (%)											
Energy OUTPUT At Each Voltage Level (MU)											
Energy Difference between each Voltage Point (MU)											
Distribution Loss (MU)											
Dist. Loss W.R.T. energy input at each Voltage Level *%)											
Sales + Loss (MU)											
Loss in that Voltage Class (MU)											
Loss to be carries forward to next Voltage Class (MU)											
Allocation of Loss (MU)											
Power Purchase at IF Point											
Distribution Loss (%)											
Transmission Loss (%)											
Power Purchase at Generation Bust (MU)											
Aggregate System Loss in different voltages (%)											
Distribution of Power Purchase at Generation Point(%)											
Power Purchase Cost (including Tr. Charges (Rs.in Crores)											
Distribution of Energy Sales (%)											
Other Costs (Rs.in Crores)											
Total Costs (Rs.in Crores)											
Voltage wise COS (Rs./kWh)											
Revenue Realized (Rs.in Crores)											
Voltage wise Avg. Realization Rate (Rs./kWh)											
% of Avg. Real. Rate over VCOS											

Licensee Name

Format D-24

External Subsidy (Allocation of external subsidy among consumer classes)

(Rs in Crs)

Sl.No	Tariff Category	Type of Installation	At Current Tariff Charges		At Proposed Tariff Charges	
			Revenue for a full year.	External Subsidy Directly Assigned	Revenue for a full year.	External Subsidy Directly Assigned

Licensee Name

Format D-25

Open Access consumption (MUs)

Sl. No.	Tariff Category	Previous Year					Current Year	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
		Captive			Non-Captive (Wheeling)	Non-Captive (IEX)	Total
		Group	Individual	Total				(columns similar to Previous year to be taken)	(columns similar to Previous year to be taken)	(columns similar to Previous year to be taken)
Total										

ANNEXURE-III

**Transmission Formats
25 Formats (27 pages)**

Format No.	Format Description
A1(T)	Annual Revenue Requirement
A2(T)	Balance Sheet
A3(T)	Cas Flow Statement
A4(T)	Annual Revenue Requirement
T-1	Energy at Interface Points
T-2	Revenue From Transmission Charges
T-3	Subsidy / Grants
T-4	Other Income (Non Tariff Income)
T-5	Repairs and Maintenance Expenses
T-6	Employee Expenses
T-7	Administrative and General Expenses
T-8	Depreciation
T-9	Loans and Interest Charges
T-10	Expenses Capitalized
T-11	Other Debits
T-12	Extraordinary / Exceptional Items
T-13	Net Prior Period Credits / (Charges)
T-14	Contributions / Grants / Subsidy towards capital assets
T-15	Gross Fixed Assets and Intangible Assets
T-16	Net Fixed Assets
T-17	Work-in-Progress
T-18	Demand, Collection and Balance (DCB)
T-19	Energy Flow Diagram
T-20	Existing and Proposed Tariff
T-21	Revenue at Existign and Proposed Tariff

Note-1:

In the formats;

Previous FYs means the previous financial years to the current year.

For clarity the following illustration may be followed;

If the Current Year is 2023-24, then

1st previous FY is 2022-23

2nd previous FY is 2021-22

3rd previous FY is 2020-21

1st FY of the Control Period is 2024-25

2nd FY of the Control Period is 2025-26

3rd FY of the Control Period is 2026-27

Name of the Transmission LICENSEE:

Format A1(T)

Annual Revenue Requirement

All Rs. In Cr.

Ref. Form	Particulars	3rd Previous FY As approved in APR	2nd Previous FY As approved in APR	1st Previous FY As approved in APR	Current FY	1st FY of the Control Period	2nd FY of the Control Period	3rd FY of the Control Period
	Energy Available for Transmission(Mus)							
T-1	Energy at Interface Points of Distribution Licensees / Deemed Distribution Licensees with KPTCL							
	Transmission Loss (%)							
REVENUE:								
T-2	Revenue From Transmission Charges							
T-2	Miscellaneous Revenue							
T-3	Subsidy / Grants							
T-2	TOTAL REVENUE:							
EXPENDITURE:								
T-5	Repairs & maintenance							
T-6	Employee Costs							
T-7	Administrative & General expenses							
T-8	Depreciation & related debits							
T-9	Interest & Finance charges							
T-10	LESS: Other charges capitalized							
T-11	Other debits (not involving cash outflow)							
T-12	Regulatory Deferral Account Balances / Extraordinary / Exceptional Items							
T-13	Net prior period (credits) / charges							
T-4	Less: Other Income							
	Income Tax							
	Sub-Total:							
	TOTAL EXPENDITURE							
	Surplus / (Deficit) as per Accounts:							
A-4	Return on Equity							
	APR (Surplus) / Deficit Carry forward							
	Regulatory Asset							
	Carrying Cost on Regulatory Asset							
	Disallowances							
	Sub-Total:							
	ANNUAL REVENUE REQUIREMENT							
	REVENUE SURPLUS / (DEFICIT):							

Name of the Transmission LICENSEE:

Format A2(T)

BALANCE SHEET

						All Rs. In Cr.		
Sl.	Particulars	3rd Previous FY As per Accounts	2nd Previous FY As per Accounts	1st Previous FY As per Accounts	Current FY	1st FY of the Control Period	2nd FY of the Control Period	3rd FY of the Control Period
I. SOURCES OF FUNDS (Rs. In Cr.)								
A. Shareholders Funds								
	i. Paid-up Share Capital							
	ii. Share Application money pending allotment							
	iii. Retained Earnings							
	iv. Proposed adjustment to net worth							
	v. Capital Reserve							
	vi. Reserve for material cost variance							
	A-Subtotal:							
B. Borrowings:								
	i. Borrowings for Capital Expenditure (1#) [Format D-9]							
	ii. Borrowings for Working Capital [Format D-9]							
	B-Subtotal:							
C. Contributions, Grants & Subsidies towards cost of Capital (2#)								
TOTAL SOURCES OF FUNDS (A+B+C):								
II. APPLICATION OF FUNDS (Rs. In Cr.)								
A. Net Fixed / Intangible Assets								
	i. Gross Fixed Assets [Format D-15]							
	ii. Less: Accumulated Depreciation [Format D-8]							
	iii. Net Fixed Assets (i-ii)							
	iv. Gross Intangible Assets [Format D-15]							
	v. Less: Accumulated Amortization [Format D-8]							
	vi. Net Intangible Assets (iv-v)							
	vii. Capital Work-in-Progress [Format D-17]							
	IIA-Subtotal:							
B. Investments:								
	i. Investments							
	ii. Deposits with Government Departments							
	iii. Deposits with Others							
	iv. Interest accrued on investments							
	IIB-Subtotal:							
C. Net Current Assets								
a. Current Assets								
	i. Inventories							
	ii. Trade Receivables (Receivables against Sale of Power)							
	iii. Subsidy receivable from Government							
	iv. Other receivable from Government							
	v. Income Tax paid in Advance							
	vi. Receivable from KPTCL							
	vii. Receivable from ESCOMs- Relating to energy balancing							
	viii. Receivable from ESCOMs- Others							
	ix. Capital Advances to Suppliers and Contractors							
	x. Cash & Bank Balances							
	xi. Regulatory Deferral Account							
	xii. Sundry Receivables							
	a-Total Current Assets:							
b. Current Liabilities								
	i. Initial /Addl. / Meter Security Deposits from Consumers							
	ii. Security Deposits from suppliers / contractors							
	iii. Interest on belated Power Purchase Cost- KPCL							
	iv. Interest on belated Power Purchase Cost- Others							
	v. Employee related liabilities / provisions							
	vi. Payable to KPTCL							
	vii. Payable to ESCOMs							
	viii. Payable to Suppliers / Contractors							
	ix. Sundry Creditors for sale of power							
	x. Sundry Liabilities							
	b-Total Current Liabilities:							
C. Net Current Assets [a-b]								
TOTAL APPLICATION OF FUNDS (IIA+IIB+IIC)								

Name of the Transmission LICENSEE:

Format A3(T)

CASH FLOW STATEMENT

All Rs. In Cr.

Sl. No.	Particulars	3rd Previous FY As per Accounts	2nd Previous FY As per Accounts	1st Previous FY As per Accounts	Current FY	1st FY of the Control Period	2nd FY of the Control Period	3rd FY of the Control Period
A	Cash Flow from Operating Activities:							
1	Profit before Tax							
2	Depreciation and Amortization							
3	Finance Costs							
4	Loss / Profit on sale of Assets							
5	Material Cost Variance							
6	Interest Income							
7	Provision for Bad & Doubtful Debts							
8	Provision for Terminal Benefits							
9								
10								
	A. Sub-Total:							
B	Changes in Working Capital:							
	Adjustments for (increase) / decrease in Operating Assets							
1	Inventories							
2	Trade Receivables							
3	Loans and Advances							
4	Other Current Assets							
5	Other Non-Current Assets							
6								
7								
	Adjustments for increase / (decrease) in Operating Liabilities							
11	Trade Payables							
12	Other Current Liabilities							
13	Other Non-Current Liabilities							
14	Short-Term Provisions							
15	Long-Term Provisions							
16								
17								
	B. Sub-Total:							
	Net Cash Flow from Operative Activities (A+B):							
C	Cash Flow from Investing Activities:							
1	Capital Expenditure on Fixed Assets including Capital Advances							
2	(Increase) / Decrease in CWIP							
3	Proceeds from sale of Fixed Assets							
4								
5								
	C. Sub-Total:							
D	Cash Flow from Financing Activities:							
1	Proceeds from shares deposits							
2	Proceeds from Capital Expenditure borrowings							
3	Repayment of Capital Expenditure borrowings							
4	Net increase / (decrease) in Working Capital borrowings							
5	Contributions, Grants and Subsidies towards Cost of Capital Assets							
6	Finance Costs							
7								
8								
	D. Sub-Total:							
	Net increase / (decrease) in Cash and Cash Equivalents (A+B+C+D):							
	Cash and Cash Equivalents at the beginning of the year:							
	Cash and Cash Equivalents at the end of the year:							

Breakup details of Cash and Cash Equivalents at the end of the year as per Balance Sheet:								
		Cash on Hand						
		In Current Accounts						
		In Deposit Accounts						
		Sub-Total:						

Name of the Transmission LICENSEE:

Format A4(T)

RETURN ON EQUITY

All Rs. In Cr.

Sl. No.	Particulars	3rd Prev. FY As per Accounts	2nd Prev. FY As per Accounts	1st Prev. FY As per Accounts	Current FY	1st FY of the Control Period	2nd FY of the Control Period	3rd FY of the Control Period
1	Opening Balance: Paid-up Share Capital							
2	Opening Balance: Share Application money pending allotment							
3	Opening Balance: Retained Earnings							
	Total Equity							
	Equity Considered for ROE Computation for the year							
	ROE: _____%							
	ROE: _____% with MAT @ (+MAT @ ___% + _____%Surcharge + _____%Cess=_____%)							
	Closing Balance: Accumulated Surplus / (Deficit) as per Accounts							

Name of the Transmission LICENSEE:

Format T-1

Energy at Interface Points of Distribution Licensees / Deemed Distribution Licensees with KPTCL:

Location of the Interface Points	As per Audited Accounts			Projection for Current FY	Projections for the Control Period		
	3rd Previous FY	2nd Previous FY	1st Previous FY		1st FY	2nd FY	3rd FY
	(MU)	(MU)	(MU)	(MU)	(MU)	(MU)	(MU)
<u>BESCOM IF Points with KPTCL</u>							
1							
2							
3							
..							
..							
	Sub Total A:						
<u>MESCOM IF Points with KPTCL</u>							
1							
2							
3							
..							
..							
	Sub Total B						
<u>CESC IF Points with KPTCL</u>							
1							
2							
3							
..							
..							
	Sub Total C:						
<u>HESCOM IF Points with KPTCL</u>							
1							
2							
3							
..							
..							
	Sub Total D:						
<u>GESCOM IF Points with KPTCL</u>							
1							
2							
3							
..							
..							
	Sub Total E:						
<u>Other-1</u>							
1							
2							
3							
..							
..							
	Sub Total F:						
<u>Other-2</u>							
1							
2							
3							
..							
..							
	Sub Total G:						
GRAND TOTAL:							

Name of the Transmission LICENSEE: Format T-2

Revenue From Transmission Charges

Sl. No.	Category Description	As approved in APR		As per Aud.Acc.	Current Year		Projections (with Revenue at EXISTING Tariff)						Projections (with Revenue at Proposed Tariff)		
		3rd previous FY	2nd previous FY	1st previous FY	Actual Transmission Capacity (in MW)	(Rs.in Crores)	1st FY of the Control Period		2nd FY of the Control Period		3rd FY of the Control Period		1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
		(Rs.in Crores)	(Rs.in Crores)	(Rs.in Crores)			Transmission Capacity (in MW)	(Rs.in Crores)	Transmission Capacity (in MW)	(Rs.in Crores)	Transmission Capacity (in MW)	(Rs.in Crores)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)
1	BESCOM														
2	MESCOM														
3	CESC														
4	HESCOM														
5	GESCOM														
6	HRECS														
7															
8															
9															
10															
..															
..															
..															
	Sub-Total A:														
1	Supervision Charges														
2	Consultancy Charges														
3	Incentive for Transmission System Availability														
4	Grid Support Charges														
5	Miscellaneous														
..															
..															
	Sub-Total B:														
1	Less: Withdrawal of Revenue Demand														
2	Less: Provision for withdrawal of Revenue Demand														
	Sub-Total C:														

Name of the Transmission LICENSEE:

Format T-3

Subsidy / Grants

Sl. No.	Category Description	As per Aud.Acc,	Projections	Projections		
		1st previous FY (Rs.in Crores)	Current FY (Rs.in Crores)	1st FY of the Control Period (Rs.in Crores)	2nd FY of the Control Period (Rs.in Crores)	3rd FY of the Control Period (Rs.in Crores)
1						
2						
3						
..						
..						
	Total:					

Name of the Transmission LICENSEE:

Format T-4

No.		<u>Other Income (Non Tariff Income)</u>		<u>All Rs. in Crores</u>		
		Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
A.	<u>Interest Income:</u>					
1	Recoveries for theft of power					
2	Interest received from Income Tax Department					
3	Interest on Bank Fixed Deposits					
4	Interest earned on un-utilized funds					
5	Interest on loans & advances					
6	Interest on savings bank account					
7	Interest received under NEF schemes					
8						
9						
10						
	Sub Total:					
B.	<u>Other Non-Operating Income:</u>					
1	Profit on sale of stores					
2	Sale of scrap					
3	Other Miscellaneous receipts from Trading					
4	Gain on sale of assets					
5						
6						
7						
	Sub Total:					
C.	<u>Miscellaneous Receipts:</u>					
1	Rental from staff quarters					
2	Rental from others (includes renting of plant & machineries)					
3	Excess found on physical verification of material stock					
4	Sundry credit balance written back					
5	Penalty recovered from suppliers / contractors					
6	Rebate for collection of electricity duty					
7	Miscellaneous Recoveries					
8	Incentives Received					
9	Other income relating to purchase of power					
10	Subsidies against loss on account of flood, fire, cyclone, etc.					
11						
12						
13						
	Sub Total:					
D.	<u>Others:</u>					
1	Bad & Doubtful Debts Written off					
2	Bad & Doubtful Debts provided for					
3						
4						
5						
	Sub Total:					
	GRAND TOTAL:					

Name of the Transmission LICENSEE:

Format T-5

Repairs and Maintenance Expenses

All Rs. in Crores

Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
1	Buildings					
2	Plant and Machinery					
3	Lines, Cable Network, etc.,					
4	Civil Works					
5	Vehicles					
6	Furniture & Fixtures					
7	Office Equipments					
8	Less: R&M Works Charged to Capital Works					
9						
10						
	TOTAL:					
	Less: R&M Works Charged to Capital Works					
	TOTAL:					

Name of the Transmission LICENSEE:

Format T-6

Sl.	Particulars	Employee Expenses		All Rs. in Crores		
		Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
A.	<u>Salaries and Wages:</u>					
1	Salaries					
2	Overtime					
3	Dearness Allowance					
4	Other Allowances					
5	Payment to helpers / employees of Mazdhur gang					
	Total-A:					
B.	<u>Staff Welfare Expenses:</u>					
1	Bonus					
2	Medical Expenses Reimbursement					
3	Earned Leave Encashment					
4	Earned Leave Encashment to retired / deceased employees					
5	Pension & Leave contribution of employees on deputation					
6	Payment under Workmens' Compensation Act					
7						
8						
9						
	Total-B:					
C.	<u>Terminal Benefits:</u>					
1	Company Contribution - PF					
2	Company Contribution-Pension					
3	Company Contribution-Gratuity					
4	Company Contribution-NDCPS-w.e.f. 01.04.2006					
5	Company Contribution-NDCPS-Gratuity-Appointed upto 13.02.2015					
6	Company Contribution-NDCPS-Gratuity-Appointed after 13.02.2015					
7	Company Contribution-NDCPS-Family Pension-Appointed upto 13.02.2015					
8	Company Contribution-NDCPS-Family Pension-Appointed after 13.02.2015					
9	Company Contribution-NDCPS-Deputed Employees from other Departments					
10						
11						
12						
	Total-C:					
D.	Less: Employee Costs Charged to Capital Works					
	GRAND TOTAL (A+B+C):					

Name of the Transmission LICENSEE:

Format T-7

		Administrative & General Expenses		All Rs. in Crores		
Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
1	Payment to Auditors / Consultants / Other Professional Charges					
2	Power / Fuel / Water Charges					
3	Rent					
4	Rates and Taxes / service tax (excluding taxes on income)					
5	Communication (Telephones, internets, postage, etc.)					
6	Remuneration to contract agencies for services obtained					
7	Conveyance and Travelling expenses					
8	Consumer Relation / Education expenses					
9	CSR related activities					
10	Other expenses (involving cash outflow)					
	Sub-Total:					
	Less: A&G Expenses Charged to Capital Works					
	TOTAL					

Note: The Debits which does not involve actual cash flow shall be indicated in Format D-11.

Name of the Transmission LICENSEE: Format T-8

		Depreciation																<i>All Rs. in Crores</i>				
Sl.	Particulars	Previous FY				Current FY				1st FY of the Control Period				2nd FY of the Control Period				3rd FY of the Control Period				
		O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	
A.	Tangible Assets:																					
1	Plant & Machinery, Lines, Cables, networks, hydraulic works																					
2	Buildings																					
3	Vehicles																					
4	Civil Works																					
5	Furniture Fixtures																					
6	Office Equipments																					
7	Reused/released Plant & Machinery, Lines, Cables, networks,																					
8	Land: Free Hold																					
9	Land: Lease Hold																					
	Sub-Total A:																					
B.	Non-Tangible Assets:																					
1																						
2																						
3																						
4																						
5																						
	Sub-Total B:																					
	Total (A+B):																					
C.	Less: Depreciation on Grants and Consumer contribution																					
	Total (A+B-C):																					

Name of the Transmission LICENSEE: Format T-9

Loans and Interest Charges

All Rs.in Crores

Format T-9

Sl. No.	Particulars	Previous FY					Current FY (Projections)						1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period	
		O.B.	New Loan	Repayment	C.B.	Interest on Loan	Interest Rate (%)	O.B.	New Loan	Repayment	C.B.	Interest on Loan	Interest Rate (%)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)
	Long Term CAPEX Loans from Commercial Banks:															
A	Bank-1															
	1															
	2															
	Sub-Total:															
B	Bank-2															
	1															
	2															
	Sub-Total:															
C	Bank-3															
	1															
	2															
	Sub-Total:															
D	Bank-															
	Total CAPEX Loan from Commercial Banks															
K	Loan from other financial institutions for CAPEX:															
	1 PFC															
	2 REC															
	3 ADB															
	4 KUIDFC															
	5															
	6															
	Sub-Total:															
	Total CAPEX Loan:															
L	Working Capital Loan (please reref Note (#) below):															
	1 Bank-1															
	2 Bank-2															
	3															
	4															
	Sub-Total:															
M	Other Interest Charges:															
	1 Other Interest and Finance charges															
	2 Interest on belated power purchase Expenses															
	3 Interest on Consumer Security Deposit															
	Sub-Total:															
N	Less: Interest & Finance Charges capitalized															
	GRAND TOTAL															

(#) Shall include short term loan, bank overdraft, covid loan, etc., which are taken for payment of power purchase cost or any other revenue expenditure:

** Loan Repayment shall be equal to Depreciation charged for the year
 Total of long-term Loans shall agree with Balance Sheet figures (A-2 Format)
 Total of Interest on loans shall agree with P & L Acct (A-1 Format)

Name of the Transmission LICENSEE: Format T-10

Details of Expenses Capitalized						Format T-10
<i>All Rs. in Crores</i>						
Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
	TOTAL					

NOTE: The expenses that are capitalized, other than those indicated in Formats D-5, D-6, D-7, D-8 and D-9 shall be indicated in this format.

Name of the Transmission LICENS Format T-11

Sl.	Particulars	Other Debits		All Rs. in Crores		
		Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
1	Material Cost Variance					
2	Amortization of lease hold assets					
3	Provision for Bad & Doubtful Debts					
4						
5						
6						
7						
8						
9						
10						
	TOTAL					

Note: Please refer Note under Format D-7.

Name of the Transmission LICENS Format T-12

All Rs. in Crores

Format T-12

Regulatory Deferral Account Balances / Extraordinary / Exceptional Items

Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
A.	DEBITS:					
1						
2						
3						
4						
5						
	Sub-Total-A:					
B.	CREDITS:					
1						
2						
3						
4						
5						
	Sub-Total-B:					
	TOTAL					

Name of the Transmission LICENSEE: Format T-13

Net Prior Period Credits (Charges) All Rs. in Crores

Format T-13

Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
A.	Income Relating to Previous Years:					
1						
2						
3						
4						
5						
	Sub-Total A:					
B.	Expenses Relating to Previous Years:					
1						
2						
3						
4						
5						
	Sub-Total B:					
	TOTAL					

Name of the Transmission LICENSEE: Format T-14

Contributions / Grants / Subsidy towards capital assets

All Rs. in Crores

Sl.	Particulars	Previous FY			Current FY			1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
		Additions	Depreciation	C.B.	Additions	Depreciation	C.B.	.....	.....	.....
			Reversed			Reversed		(columns similar to Current year to be taken)	(columns similar to Current year to be taken)	(columns similar to Current year to be taken)
A.	Capital Subsidy / Grants received from GOK / GOI									
1	Capital Subsidy									
2	Grants from GOK									
3	Grants from GOI									
4										
5										
	Sub-Total									
B.	Consumers' contribution towards capital assets									
1	Self Execution Works									
2	Deposit Contribution Works									
3										
4										
5										
	Sub-Total									
	GRAND TOTAL:									

Name of the Transmission LICENSEE: Format T-15

Gross Fixed Assets and Intangible Assets

All Rs. in Crores

Sl.	Particulars	Previous FY				Projections				1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
		O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	..... (columns similar to Current year to be taken)	..... (columns similar to Current year to be taken)	..... (columns similar to Current year to be taken)
A.	<u>Tangible Assets:</u>											
1	Plant & Machinery, Lines, Cables, networks, hydraulic works											
2	Buildings											
3	Vehicles											
4	Civil Works											
5	Furniture Fixtures											
6	Office Equipments											
7	Reused released Plant & Machinery, Lines, Cables, networks,											
8	Land: Free Hold											
9	Land: Lease Hold											
	Sub-Total:											
B.	<u>Non-Tangible Assets:</u>											
1												
2												
3												
4												
5												
	Sub-Total:											
	GRAND TOTAL:											

NOTE: Gross Tangible Assets shown in the above format shall include all the Assets including the assets created out of consumer contribution / Government grants / Capital Subsidy.

Gross Tangible Assets created out of consumer contribution / Government grants / Capital Subsidy shall be indicated in the below table.

Particulars	Previous FY				Projections				1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
	O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	..... (year to be taken)	..... (year to be taken)	..... (year to be taken)
Plant & Machinery, Lines, Cables, networks, hydraulic works											

Name of the Transmission LICENSEE: Format T-16

Net Fixed Assets and Intangible Assets

All Rs. in Crores

Sl. No.	Particulars	Previous FY				Projections				1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
		O.B.	Additions	Retirement	C.B.	O.B.	Additions	Retirement	C.B.	..... (columns similar to Current year to be taken)	..... (columns similar to Current year to be taken)	..... (columns similar to Current year to be taken)
A.	<u>Tangible Assets:</u>											
1	Plant & Machinery, Lines, Cables, networks, hydraulic works											
2	Buildings											
3	Vehicles											
4	Civil Works											
5	Furniture Fixtures											
6	Office Equipments											
7	Reused released Plant & Machinery, Lines, Cables, networks,											
8	Land: Free Hold											
9	Land: Lease Hold											
	Sub-Total A:											
B.	<u>Non-Tangible Assets:</u>											
1												
2												
3												
4												
5												
	Sub-Total B:											
	Total (A+B):											

Name of the Transmission LICENSEE:

Format T-17

Work-in-Progress

All Rs. in Crores

Sl.	Particulars	Previous FY	Current FY	1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period
	Opening balance					
	Add:					
i.	Capital expenditure					
ii.	Interest & Finance charges capitalised					
iii.	Other expenses capitalised					
	Total capital expenditure for the year					
	Less:					
	Expenditure Capitalised (Transferred to Format D15)					
	TOTAL					

KPTCL

Format T-18

Demand, Collection and Balance for the FIRST PREVIOUS YEAR and UPTO SEPTEMBER OF THE CURRENT YEAR

(Rs in Crores)

SL NO	NAME OF ZONE/CIRCLE/ DIVISION	OPENING BALANCE		FOR THE YEAR						CLOSING BALANCE	
		PRINCIPAL	INTEREST	DEMAND		COLLECTION		COLLECTION %		PRINCIPAL	INTEREST
				PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST		
1	BESCOM										
2	MESCOM										
3	CESC										
4	HESCOM										
5	GESCOM										
6	HRES										
7											
8											
9											
10											
..											
..											
..											
	Total:										

Name of the Transmission LICENSEE:

Format T-19

Energy Flow Diagram

To be furnished for
Previous FY
Current Year
1st FY of the Control Period
2nd FY of the Control Period
3rd FY of the Control Period

Name of the Transmission LICENSEE:

Format T-20

Existing Tariff and Proposed Transmission Charges for each year of the Control Period
(Rs./MW/Month)

Sl No.	Customers	Existing Tariff	Proposed Tariff for			Format T-20
			1st FY of Control Period	2nd FY of Control Period	3rd FY of Control Period+F7	
Long Term Customers:						
1	BESCOM					
2	MESCOM					
3	CESC					
4	HESCOM					
5	GESCOM					
6	HRES					
7						
8						
9						
10						
..						
..						
..						
Short Term Customers:						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
..						
..						
..						

Name of the Transmission LICENSEE:

Format T-21

Existing Tariff and Proposed Transmission Charges for each year of the Control Period

Format T-21

Sl No.	Customers	Current Year			1st FY of Control Period			2nd FY of Control Period			3rd FY of Control Period		
		@ Existing Rate of Tr. Charges			@ Existing Rate of Tr. Charges for Proposed Capacity Allocation			@ Existing Rate of Tr. Charges for Proposed Capacity Allocation			@ Existing Rate of Tr. Charges for Proposed Capacity Allocation		
		Tr. Charges (Rs./MW/Month)	Capacity Allocation (MW)	Amount (Rs.in Crores)	Tr. Charges (Rs./MW/Month)	Capacity Allocation (MW)	Amount (Rs.in Crores)	Tr. Charges (Rs./MW/Month)	Capacity Allocation (MW)	Amount (Rs.in Crores)	Tr. Charges (Rs./MW/Month)	Capacity Allocation (MW)	Amount (Rs.in Crores)
Long Term Customers:													
1	BESCOM												
2	MESCOM												
3	CESC												
4	HESCOM												
5	GESCOM												
6	HRES												
..													
..													
..													
..	Sub-Total A:												
Short Term Customers:													
1													
2													
3													
4													
5													
..													
..													
..													
..	Sub-Total B:												
	GRAND TOTAL												

1st FY of Control Period			2nd FY of Control Period			3rd FY of Control Period			Format T-21
@ Proposed Rate of Tr. Charges for Proposed Capacity Allocation			@ Proposed Rate of Tr. Charges for Proposed Capacity Allocation			@ Proposed Rate of Tr. Charges for Proposed Capacity Allocation			
Tr. Charges (Rs./MW/Month)	Capacity Allocation (MW)	Amount (Rs.in Crores)	Tr. Charges (Rs./MW/Month)	Capacity Allocation (MW)	Amount (Rs.in Crores)	Tr. Charges (Rs./MW/Month)	Capacity Allocation (MW)	Amount (Rs.in Crores)	

Procedure for Conducting Prudence Check of Capital Expenditure of Transmission and Distribution Licensees.

The Commission, in its Tariff Orders has been allowing the Capital expenditure incurred by the Utilities for the respective financial years, subject to carrying out prudence checks to ascertain as to whether capital investments are made in a prudent manner or otherwise and also to disallow interest and depreciation on the imprudent works, if any in order to avoid the burden on consumers with costs of redundant investments. In view of this, Commission proposes following procedure to take up Prudence Check of Capex incurred on commissioned and categorized works for the respective financial years which are as under:

1. For the purpose of the prudence check of transmission Licensee and distribution licensees, the investments that will be viewed in respect of works as per para 35 and 50 of these regulations:

a) The commissioned and capitalized works, which are categorized during the respective financial years are considered for Prudence check.

b) Major Material Procurement carried out during the Financial years.

2. The works categorized shall be selected on the basis of the following principles:

a) For Transmission Licensee as indicated in para 35 :

- i. All the Works costing more than Rs.5 Crores in case of:
 - Establishment of Substations;
 - Construction of transmission lines;
 - Construction of exclusive transmission lines;
 - Augmentation of transmission lines;
 - Augmentation of substations and
 - Other type of works, like construction of terminal bays, construction of intermediate tower, Circuit breakers etc.
- ii. All the major materials being procured by Transmission Licensee typically are as follows:
 - Power Transformers.
 - Circuit breakers.

- Conductors and cables.
- Transmission line tower parts and
- Other major materials.

b) For Distribution Licensees as indicated in para 50:

i. All the categories of Works costing more than Rs.5 Lakhs in case of:

- Capacity augmentation/ strengthening of sub stations, distribution lines/cables, transformers, circuit breakers etc., to mitigate overloading or to providing redundancy or to improve voltage regulations;
- Upgradation of distribution network in a particular area including ring main systems, for improvement in quality of supply and reliability of distribution system;
- Construction of sub-stations, distribution transformers to cater to demand in a particular area;
- Installation or upgradation of SCADA /DAS, including required communication system;
- Conversion of overhead lines to AB/underground cables;
- All metering schemes;
- Battery storage schemes;
- Capital nature schemes funded partially/fully by central or state government grants.
- Other type of works

ii. The major materials being procured are typically as follows:

- Distribution line supports like all types of poles.
- Conductors.
- Insulators.
- Distribution Transformers.
- Underground (UG)/AB cables.
- Ring Main Units (RMU)
- Energy meters and
- Other materials

The works from the above, should be reviewed by carrying out physical verification at site and document as per these procedures.

Note: During the independent scrutiny by the Commission, through the consultants, the Commission may notify separately the total no. of samples and samples to be selected from above works/any other capital works as decided by the Commission.

3. While reviewing the capital expenditure, the focus should be on the different aspects of capital expenditure, as shown below instead of only on the end results:

a) Planning:

- i. Whether the works were planned in the capex of the respective year and included in the overall capex approved by the Commission;
- ii. Whether DPRs were prepared and detailed sub-estimates were prepared before taking up the work, duly indicating the pre and post commissioning results in the DPRs/ Estimates.

b) Whether the implementation of the project is as per the plan (DPR/ Estimates) or there are no major deviations to the original plan;

c) Whether the major objectives as per the DPR have been achieved.

- i. Each of the three aspects will carry weights and each of investments under review will be scored and measured on each of the three aspects based on the procedure in this document.
- ii. A capital work will be scored with a weight of 10 marks each for planning and 30 marks for implementation and 60 marks for achievement of objectives. Out of the 60 marks for achievement of objectives 50 will be awarded for primary objective and the rest 10 marks for secondary objectives.
- iii. For the investment to be considered prudent and project to be considered as meeting the standards of Prudence, it should score 30 Marks out of 50 Marks on evaluation of achievement of primary objectives and 30 Marks out of the balance 50 Marks for Planning, Implementation and Secondary Objectives, totalling to at least 60 Marks out of 100 Marks. The methodology of scoring is detailed in the **Annexure II (a)** based on Grading.

4. Each project will be reviewed for the various checks as outlined below for all the three phases of capital expenditure Viz. Planning, Implementation and Post execution:

a. Planning

- i. Licensees should have prepared required DPR/Estimates justifying the need for the proposed investment. The justification indicated in the DPR/Estimates shall be on the basis of field requirements, studies undertaken or directives issued by the Commission or Government initiatives, etc. Wherever necessary supporting documents should be available for review.

- ii. If a project with a Cost to benefit ratio less than 1 (One) is selected for implementation, the Licensee should have records available which justify taking up such projects. Similarly, if the pay-back period is more than 10 (Ten) years the records should justify the reasons for taking up such a project.
- iii. The Licensee should have identified Primary and Secondary objectives for each investment. In case objectives are not defined at the time of investment, certain default objectives will be assigned as outlined in **Annexure II (b)** depending on the nature of investment and the performance will be evaluated against those set objectives.
- iv. The Licensee should have considered various alternatives at the time of conceptualizing the investment in the DPR/Estimates. DPR must contain Technical reports, Design criteria, Bill of quantity, Item wise Estimate Cost, Documents necessary to support the details contained in DPR.
- v. If the project is linked with other upstream or downstream projects, appropriate co-ordination is to be ensured for the implementation of the project in economical, efficient and effective manner.

b. Implementation

- i. The contractor should have been selected using a Competitive Bid process. The documents pertaining to the same should be produced by the utilities.
- ii. Licensee shall ensure that there are no delays in the project completion or overruns in costs. In case of time overrun or cost overrun, the Licensee should provide specific reasons for the same. The Licensee also has to specify whether the delay/increase in cost can be attributed to Licensee or contractor or external factors.
- iii. In case the delay is attributable to contractor, the Licensee should provide details pertaining to imposition of liquidated damages. In case liquidated damages are not levied the Licensee shall provide specific reasons to the satisfaction of the Commission, for waiving off the same.
- iv. Licensee shall specify if there were changes in the design or scope of the project executed when compared to DPR/Estimate. Reasons for deviation should be documented.
- v. The Licensee shall ensure quality execution of works as per Central Electricity Authority (Technical Standards for Construction of Electrical Plants and Electric Lines) Regulations, 2022 and amendments issued from time to time.

- vi. For partial-turnkey projects or projects in which material was to be supplied by the Licensee, care should have been taken to ensure that the required resources are procured in time and made available for timely execution.
- vii. The execution of the project should have been monitored from time to time and any issues that crop up in causing time/cost overruns should have been reported/ addressed at an early stage. Status reports for longer construction time project should be prepared regularly and completion report has to be prepared containing Date of commissioning and cost of completion.

c. Post Execution

- i. The Licensee should have periodically recorded the benefits achieved from the project. The year on year details related to savings if any, achieved should be compared with the estimated benefits in terms of:
 - Whether the primary and secondary objectives as listed out are met
 - Cost benefit analysis - estimated vs actual recorded
 - Payback period is in line with the estimated
- ii. The onus of providing the proof of achieving the primary and secondary objectives shall be on the Licensee. The Commission may independently verify the authenticity of numbers provided, wherever the benefits are quantitative in nature.
- iii. For all those projects where the estimated benefits have not been quantified in the planning stages, the Licensee shall provide details with regard to performance of the system prior to commissioning of the project and performance of the system post commissioning.

For example: in case number of reductions in interruptions are not recorded, the Licensee shall provide from records the interruptions prior to execution of project and interruptions after implementation of project.

- d. **Information** in the enclosed Formats/Annexures a & b shall be collected in respect of all the works as specified in the above para-2 of this documents. Supplementary /additional information should be obtained wherever necessary to reach a conclusion on the prudence of the investment.

PROJECT DATA:

Name of the Licensee:
 Zone :.....
 Circle:.....
 Division:.....
 Location:.....

Name/Description of the Capital Work:.....
 Date of Sanction:.....
 Estimated Cost:
 Awarded Cost:
 Date of Work Award:.....
 Date of Commencement:.....
 Targeted Date of Completion:.....
 Actual Date of Completion:.....

BRIEF DESCRIPTION OF THE WORK

- i. Briefly record the reasons (circumstances necessitating) for taking up the Work.

- ii. What was the Primary/Major objective or the purpose intended to be achieved/Results to flow from the work? Please quantify the results intended(Ex: Meeting the load of ---- MVA/kVA)

- iii. Whether the primary objective/ Results of the work was intended to be achieved in full on completion of the work or was it meant for a phased realisation?
 - a. To be achieved in full on commissioning
 - b. To be achieved in phases of
 - c. 1st Year:.....%, 2nd Year:.....%, 3rd Year:% and so on.,

- iv. List other intended objectives if any to be achieved and the time planned for such achievement:

Name of the Objectives	Targeted time of achievement
1.
2.
3.
4.
5.

v. **Planning of Expenditure:**

Year 1:Rs.
Year 2:Rs.
Year 3:Rs.
Year 4:Rs.

vi. **Details of financing plan for the project undertaken, if any. Else provide the sources from which the funds were diverted**

.....

vii. **Provide the list of alternatives considered. If the alternatives are provided, mention the basis on which the proposed scheme is finalised.**

.....
.....

viii. **Details of Cost Benefit Analysis and Payback Period calculations. Wherever projects were taken up with CBA <1 or Payback Period higher than 10 years, provide reasons for taking up the same**

.....
.....

PERFORMANCE EVALUATION

Project Performance / Results in terms of the Objectives

i. **Cost data analysis:**

Sanctioned /Awarded Cost of Estimate: Rs.
Actual Expenditure: Rs.
(Till date of commissioning)

Comparison of actual expenditure Vs Sanctioned /Awarded cost:

Rs. Excess/Less

Variation in % of the cost of sanctioned estimate /awarded cost:

(+/-)....%

ii. **Schedule of Implementation:**

Targeted date of completion as per Detailed work order
Actual date of completion:.....
Time overrun in Years.....Months

Reasons for delay, if any, as ascertained (describe reasons attributable for project delay/ justification for delay/delays attributable to Contractor or Licensee):

.....
.....

- iii. **Primary objective** (Quantitative Description. Ex: Demand in MVA met., etc)

Actual Achievement after completion:

	Quantity	% Achievement
1 st Year
2 nd Year
3 rd Year
4 th Year

- iv. **Other Objectives realised till date:**

Name of the Objective	Quantity	% Achievement
1.
2.
3.
4.

Observations on outstanding features/Major problems in the design/ implementation of the project:

.....

Note: The evaluation of primary and secondary objectives shall be carried out as per the enclosed format on post commissioning analysis.

- v. **Capitalisation / Asset categorisation:**

Status of Accounting and Capitalisation				
Date of asset categorisation	Amount of asset categorisation in Rs. Lakhs	Amount of depreciation charged in Rs. Lakhs	Amount of interest capitalised in Rs. Lakhs	Remarks

Observations on asset categorisation and capitalisation:

.....

GRADING

A. Planning:	10 marks
	Marks
i. Investment – Proactive or Reactive	3
ii. DPR and cost benefit analysis	2
iii. Alternatives	5

B. Implementation:	
i. Schedule of Implementation:	
	Marks
a) Commissioned within the Estimated time-	10
b) Commissioned beyond the estimated time:	
i. Within one year	8
ii. Between one year and two years	4
iii. Above two years	0
ii. Cost of Implementation:	
	Marks
a. Commissioned within the Estimated Cost-	10
b. Excess of expenditure over sanctioned estimate:	
Within 10%	8
10% to 25%	4
Above 25%	0
iii. Quality of execution:	10 marks

Observation on the overall quality of executing the work (Ex. Alignment of primary /secondary lines, erection of poles, stringing of conductors in terms of sag, providing guards at the road crossing, grounding of poles carrying 11kV lines etc.)- PI provide detailed observations.

.....

.....

.....

.....

C. Ex-Post Analysis:	
i) Primary Objectives realised/Results Achieved:	50 marks

Primary objective realised on commissioning:

	Planned	Achieved	%
1 st Year
2 nd Year
3 rd Year
4 th Year

Scenario 1: In all those cases where primary objective is clearly specified and quantified: - 50 marks, if primary objective is achieved in full on completion or as per planned in phases.

Scenario 2: In cases where the exact saving has not been quantified prior to execution: – 50 marks, if the actual savings achieved show at least 50% improvement over the performance prior to execution.

Proportionately fewer marks will be awarded in case of shortfall in achievement on two counts

- if achievement is delayed against planned phasing, then 5 marks to be deducted for each year's delay. Ex: If 100% was planned in 1st year and actual achievement took place in 3rd year, then 10 marks to be deducted from 50 marks
- if performance achieved in cases of Scenario 2 has shown less than 50% improvement, then 5 marks to be deducted for every 5% less. Ex: If interruptions prior to commissioning were 100 and post commissioning of the project have reduced to 60, 10 marks will be deducted from 50.

iv. Other Objectives (Secondary objectives): 10 Marks

	Name of the Objective	Planned Achievement	Actual Achievement	Marks
1.
2.
3.
4.

The total of 10 marks for other objectives to be divided among the listed other objectives in proportion to their relative importance by the Officer doing the evaluation. Marks scored in respect of each objective shall be in proportion to the percentage achievement till the date of evaluation. Wherever relevant, the grading rules specified for Primary objective may be applied in case of Secondary objectives as well.

v. Summary of Marks:

Parameter	Maximum Marks	Marks Scored
Planning		
Investment – Proactive or Reactive	3	
DPR and cost benefit analysis	2	
Alternatives	5	
Implementation		
Schedule of implementation	10	
Cost of Implementation	10	
Quality of execution	10	
Ex-post Analysis		
Achievement of Primary Objective	50	
Achievement of Secondary Objectives	10	
Total	100	

Note: -

- i. A project to be considered as meeting the standards of Prudence, if it should score 30 Marks out of 50 Marks on evaluation of achievement of primary objective and 30 Marks out of the balance 50 Marks for Planning, Implementation and Secondary Objectives, totalling to at least 60 Marks out of 100 Marks.
- ii. In case a project has scored 40 marks to 60 Marks, then the Licensee is provided an opportunity to take corrective measures and demonstrate the improved results to indicate the prudence of investment.
- iii. In case a project has scored below 40 Marks, the same is intimated to the Licensee before deciding it as not meeting prudence requirements.

vi. Concluding remarks about the work:

.....

Annexure II (b)

Nature of work	Primary Objective	Secondary Objectives
Substation (New substation, Additional transformer)	Load growth	Loss reduction, Quality of Supply (HTVR)
New feeder/feeder bifurcation	Load relief/ New load	Loss reduction, Quality of Supply (HTVR)
Reconductoring	Reduction in interruptions	Reduction in losses, Quality of supply (HTVR)
Improvement works (Intermediate poles, Auto enclosures)	Reduction in interruptions	
DTC Metering	EnegeAudit, Reduction of commercial losses	
Additional DTCs	Loss reduction	Quality of supply
DSM works	Load curve flattening	Reduction in losses/
Providing infrastructre to unauthorized IP sets	Reduction in losses	Quality of Supply (HTVR), Reduction in transformer failures
Renovation works (Replacement of deteriorated equipment)	Quality of supply	Reduction in loss levels
RGGVY, NJY, DDUGJY, any other schemes and electrification projects with social objectives	As defined in the project report	
Other projects	As defined in the report or specified by Transmission and Distribution Licensees	

Procedure for calculation of Transmission System Availability

- i) Availability shall be calculated and declared separately for each voltage level.

The transmission system availability shall be declared as per the formula mentioned below. The transmission elements shall be grouped into following categories for the purpose of calculation of availability of transmission systems:

(a) AC transmission lines: Each circuit of AC transmission line shall be considered as one element.

(b) Inter-Connecting Transformers (ICTs): Each ICT bank (three single phase transformer together) shall form one element.

(c) Static VAR Compensator (SVC): SVC along with SVC transformer shall form one element. However, 50% credit to inductive and 50% to capacitive rating shall be given.

(d) Switched Bus Reactor: Each switched Bus Reactor shall be considered as one element.

- ii) The Availability of Transmission system shall be calculated as under:

% System Availability for the system

$$= \frac{o \times AV_o + p \times AV_p + q \times AV_q + r \times AV_r}{o + p + q + r} \times 100$$

Where

o is Total number of AC lines.

AV_o is Availability of o number of AC lines.

p is Total number of switched bus reactors.

AV_p is Availability of p number of switched bus reactors.

q is Total number of ICTs.

AV_q is Availability of q number of ICTs.

r is Total number of SVCs.

AV_r is Availability of r number of SVCs.

iii) The weightage factor for each category of transmission elements shall be as under:

(a) For each circuit of AC line – Surge Impedance Loading for Uncompensated line (SIL) multiplied by Circuit Km. (SIL rating for various voltage level and conductor configuration shall be as per the procedure adopted for power system analysis)

(b) For each ICT bank – The rated MVA capacity.

(c) For SVC – The rated MVAR capacity (inductive & capacitive).

(d) For switched Bus reactor – The rated MVAR capacity.

iv) The availability for each category of transmission elements shall be calculated based on the weightage factor, total hours under consideration and non-available hours for each element of that category. The formulae for calculation of Availability of each category of the Transmission elements are as per Enclosure-I.

v) The transmission elements under outage due to following reasons not attributable to the Transmission Licensee shall be deemed to be available:

(a) Shut down to transmission elements availed by other agency/agencies for maintenance or construction of their transmission system.

(b) Manual tripping of line due to over voltage and manual tripping of switched bus reactor as per the directions of RLDC / SLDC.

vi) Outage time of transmission elements for the following contingencies shall be excluded from the total time of the element under period of consideration.

(a) Outage of elements due to acts of God and force majeure events beyond the control of the Transmission Licensee.

(b) Outage caused by grid incident/disturbance not attributable to the Transmission Licensee, e.g. faults in substation or bays owned by other agency causing outage of the Transmission Licensee's elements, tripping of lines, ICTs, etc. due to grid disturbance. However, if the elements is not restored on receipt of direction from SLDC while normalising the system following grid incident/disturbance within reasonable time, the element will be considered not available for whole period of outage and outage time shall be attributable to the Transmission Licensee.

Enclosure-1

AVo (Availability of o no. of AC lines) =

$$\frac{\sum_{i=1}^o (W_i(T_i - T_{NAi}) / T_i)}{\sum_{i=1}^o W_i}$$

AVq (Availability of q no. of ICTs)=

$$\frac{\sum_{K=1}^q (W_k(T_k - T_{NAk}) / T_k)}{\sum_{k=1}^q W_k}$$