

by the Appropriate Commission, the Commission on 13.01.2017 allowed Discoms to publish the notice in the newspapers.

1.5 Accordingly, public notices with salient features of the petitions, inviting suggestions/comments, were published in the following newspapers on the dates shown against each of the petitions and were also placed on the websites of the Commission and Discoms. The last date for submission of suggestions/comments was notified as 17.02.2017 for JVVNL & AVVNL and 15.02.2017 for JdVVNL:

| Sr. No. | Name of Newspapers | JVVNL | AVVNL | JdVVNL |
|---------|--------------------|------------|------------|------------|
| (i) | Rajasthan Patrika | 25.01.2017 | - | 24.01.2017 |
| (ii) | Dainik Bhaskar | - | 25.01.2017 | 24.01.2017 |
| (iii) | Times of India | 25.01.2017 | 25.01.2017 | - |
| (iv) | Danik Nav Jyoti | 25.01.2017 | 25.01.2017 | - |
| (v) | Hindustan Times | - | - | 25.01.2017 |

- 1.6 JVVNL, AVVNL & JdVVNL, vide their letters dated 12.05.2017, 14.05.2017 & 11.05.2017 respectively, submitted reply to the deficiencies indicated by the Commission vide its letter dated 28.12.2016 & 29.12.2016.
- 1.7 In all, 4 numbers of suggestions/comments were received on JVVNL's petition, 3 numbers on AVVNL's petition and 3 numbers on JdVVNL's petition from the stakeholder for FY 2016-17 & FY 2017-18. The list of stakeholders is enclosed at **Annexure-A**.
- 1.8 The Commission forwarded the suggestions/comments submitted by the Stakeholders to the respective Discoms for giving reply.
- 1.9 JVVNL, AVVNL & JdVVNL submitted their replies vide letters dated 16.06.2017, 06.06.2017 & 02.06.2017 respectively, to the comments/objections of the stakeholders under intimation to the Commission.
- 1.10 The public hearing in the matter was held on 02.08.2017. Only one stakeholder Shri. G.L. Sharma has made oral submissions during the hearing.
- 1.11 The Commission has considered the reply given by the Discoms in respect of queries of the Commission & stakeholders and oral submissions made by the Discoms & Stakeholders during the hearing and also perused all the relevant records while finalizing this order.

- 1.12 As issues arising in all the petitions are almost common for all three Discoms and the Stakeholders have also made common submissions on all the petitions and a common hearing was held in the matter, the Commission therefore has decided to consider all the petitions together for both FY 2016-17 & FY 2017-18 and dispose them through this common order.
- 1.13 Petitioners prayed to approve the investment plan of FY 2016-17 and FY 2017-18 as submitted.
- 1.14 All figures used in this order, unless stated otherwise, are in Rs. Crore.
- 1.15 For the purpose of representation, figures given in the tables are shown as rounded off. However, for calculation purpose, actual figures have been considered.
- 1.16 The issue wise submissions of the stakeholders & Discoms replies thereto are discussed as given in next chapter.

2: Stakeholders Comments/ Suggestions, Petitioner's response and the Commission's view:

2.1 Late Filing of petition

2.1.1 Stakeholder Comments/ Suggestions

It was submitted that as per Regulation 4(1) of RERC (Investment Approval) Regulation, 2006, the petitions should have been filed by 30th November of every year for the next financial year for approval of investment plan. Discoms have not adhered to compliance of the aforesaid Regulations.

2.1.2 Petitioners' Response

The Discoms submitted that the order on True up of FY 2013-14, ARR order of FY 2015-16 and Investment Plan for FY 2015-16 was issued on 22nd September 2016 by the Commission. Formulation of business plan of the ensuing years is based on the analysis of the order and finalization of the Investment plan takes time based on the implication of the rulings passed by the Commission on various aspects. Accordingly, the Investment Plan for FY 2016-17 and FY 2017-18 was submitted in December 2016 for the approval of Commission.

2.2 Scheme Wise Results

2.2.1 Stakeholder Comments/ Suggestions

Stakeholders stated that substantial investment is being made on network but these investments are not giving the desired results. Stakeholders requested to submit scheme wise results obtained from the investments made in FY 2014-15 and FY 2015-16.

2.2.2 Petitioners' Response

The Discoms submitted that they have been making investments for infrastructure strengthening, electrification of un-electrified areas, release of electric connections for basic needs, industrialization, enabling the system for prospective demand, safety, maintaining quality of supply and consumer satisfaction etc. The Discoms have already undertaken several steps and numerous measures are envisaged to be undertaken to bring down the existing loss levels. The investments being made under various schemes like R-APDRP, FIP, SIP, etc. are also expected to aid in the reduction of distribution loss and ensuring quality of supply. In order to achieve operational efficiency and bring improvements, other steps like loss based load management, performance monitoring and management system, 100% feeder and DT metering, AMR metering for high value

consumers, energy audit & accounting at feeder level, feeder segregation, etc. have already been initiated. Loss reduction targets have been prepared at the division/circle/zonal level and concerned officials have been made responsible for achieving the loss reduction targets. The impact of the investments made in various schemes may not be immediate but eventually over the course of time. The stringent and continuous efforts put in by the Discoms will be visible in the form of reduction in losses, electrification of the far-fetched areas of the State, improved consumer services and better power supply position etc.

2.3 Government Approval

2.3.1 Stakeholder Comments/ Suggestions

Stakeholders sought details of State Government approval for proposed investment as stated by JVVNL & JdVVNL. They also sought copy of delegation of power in accordance with which sanctions were accorded by competent authority for various schemes.

2.3.2 Petitioners' Response

JdVVNL has furnished the copy of tentative revised outlay for the FY 2016-17 approved by State Government and tentative outlays for the schemes projects in FY 2017-18 along with Budget Finalization Committee (BFC) proposals submitted by JdVVNL to State Government. In this regard JVVNL and AVVNL submitted that copy of BoD approval is enclosed with reply. Further, the copy of the Delegation of Powers (DOP) regarding approval of administrative, technical and award of contracts is also submitted by Discoms with the replies.

2.4 Scheme Wise Information

2.4.1 Stakeholder Comments/ Suggestions

1. Stakeholders sought the information that whether project report for each scheme has been prepared & submitted to the commission for prudence check and whether the proposed schemes for investment plan for FY 2016-17 and FY 2017-18 bears the approval of Discom's Board of Directors.
2. In case of JVVNL for revised investment plan of FY 2015-16, the expenditure incurred is substantially lower than proposed in RGGVY, RAPDRP-A, MMSLVY, FIP and DDUGJY and extra expenditure has been incurred on sub-transmission & distribution works and rural electrification works which is approximately 30% more than originally proposed

expenditure. The reasons for under utilisation/ extra work done may be furnished.

2.4.2 Petitioners' Response

1. The Discoms submitted that before finalizing the capital expenditure associated with a scheme, the necessary estimates are made after detailed analysis, field study assessing specific requirements and the capital needed to carry out the works. The information required for the finalization of the Investment Plan has been submitted along with the Petitions and the reply to data gaps. The Discoms also provided copy of approval of Board of Directors.
2. JVVNL submitted that the targets for the year are set as per the requirement and work planned at the starting of the year and the same are revised as per the latest analysis and requirement assessed and the progress during the year also. The Discom has put in efforts to improve on its existing network so as to provide quality services to its consumers. While framing the budget estimates, the standard estimate cost is considered but while carrying out the works the conditions and parameters associated with the equipment may differ from the initial estimates and cost also tend to vary accordingly. The expenditure in schemes tends to go overboard as the works are carried out considering the field situation and conditions. The works under various schemes are identified after detailed cost benefit analysis (for required schemes) on field condition studies.

2.5 33/11 KV Sub-Stations and Lines

2.5.1 Stakeholder Comments/ Suggestions

Information was sought of 33/11 KV sub- stations and lines against the proposed investment plan for FY 2015-16, such as number of newly installed/ constructed sub-stations with transformers indicating their MVA capacity, voltage ratio and line length along with their commissioning details. The details regarding Investment pattern were also sought along with the objectives of the proposed Investment and expenditure incurred against it.

2.5.2 Petitioners' Response:

The Discoms submitted that the physical and financial progress against the targets set for FY 2015-16 have been provided with the Investment Plan petition for FY 2016-17. Discoms further submitted that the information, as available, with locality/subdivision/ division/ circle wise list

of 33/11 KV Sub-station with number of transformers, its MVA capacity and date of commissioning along with circle wise list of 33 KV lines, (single & double circuit) during FY 2015-16 & FY 2016-17 have been furnished.

2.6 No. of Consumers and 33/11 KV Feeders

2.6.1 Stakeholder Comments/ Suggestions

1. Stakeholders sought category wise number of connections with connected load, released during FY 2015-16 and FY 2016-17 (separately for each financial year) under normal rural electrification, RGGVY, DDUGJY and MMSLVY schemes.
2. Information was sought in respect of 33 KV and 11 KV Feeders, total number of 33 KV feeders and 11 KV feeders metered on both ends as on 31st March 2016 and year wise number of un-metered 33 KV and 11 KV feeders from FY 2013-14 to FY 2015-16.

2.6.2 Petitioners' Response

Discoms submitted that all the information required for the finalization of the Investment Plan has been submitted. It is further submitted that as on 31st March'16, in case of JVVNL all 33 KV feeders and 7672 numbers of 11KV feeders out of 7775 numbers have been metered, in case of AVVNL all 33 KV feeders and 7765 numbers of 11KV feeders out of 7777 numbers have been metered, in case of JdVVNL, 839 numbers of 33 KV feeders out of 842 feeders and 9075 numbers of 11 KV feeders out of 9105 numbers have been metered.

2.7 RAPDRP-B

2.7.1 Stakeholder Comments/ Suggestions

Information was sought with respect to eligibility of towns under RAPDRP-B scheme along with their base line losses and details of agency to whom such work was awarded.

2.7.2 Petitioners' Response

It was submitted by AVVNL that under RAPDRP-B scheme, works for three towns were awarded under turnkey project & for remaining towns the works were awarded on CLRC. Further, JVVNL & AVVNL submitted the details pertaining to RAPDRP scheme viz. Financial & Physical status, copy of sanctions received from PFC for RAPDRP schemes etc.

2.8 RGGVY/Rural Electrification

2.8.1 Stakeholder Comments/ Suggestions

1. The works proposed to be carried out under RGGVY are on higher side than the mobilization of funds and under Rural Electrification mobilization of funds were higher in comparison to the cost of works to be undertaken, Discoms need to clarify the reason for such difference.
2. Discoms may clarify the purpose of giving separate names to the schemes RGGVY and DDUGJY and provide the details of work done under these schemes.

2.8.2 Petitioners' Response

1. JVVNL & AVVNL submitted that the revised information regarding mobilization of plan resources for FY 2016-17 & FY 2017-18 along with the copies of sanctions and statement showing release of funds for works under RGGVY/RE have already been furnished. JdVVNL has submitted that the resources required for RGGVY are provided by the central Govt. in the form of loan and grants through REC, hence the resources received from REC includes the funds required for RGGVY scheme.
2. Discoms submitted that both the schemes are centrally sponsored schemes and furnished the details of work undertaken.

2.9 Sub Transmission & Distribution

2.9.1 Stakeholder Comments/ Suggestions

1. Information was sought in respect of sub transmission & distribution network, viz. list of lines indicating existing losses, and losses after completion of work.
2. Discoms may clarify the existing network details and proposed network strengthening works explaining their existing capacity and load expected.
3. It was submitted that Discoms have mentioned the works of "laying of the neutral wire with mid span pole". The Discoms needs to clarify why these neutral wires were not laid down when the relevant lines were constructed.

2.9.2 Petitioners' Response:

1. Discoms submitted that the information required for the finalization of capital expenditure for works under various schemes including Sub-

transmission & distribution have been provided in the petition and formats submitted. Works are identified based on various parameters and project feasibility, cost benefit analysis studies are done for each project and accordingly investments are proposed against the works to be performed during the year.

2. The Discoms submitted that the works related to system strengthening and augmentation is not a one-time work but a continuous ongoing process and investment is required for the same. Regular monitoring and field study is done on the works and accordingly works are carried out as and when required.
3. Discoms further submitted that as per Grampanchayat Vidhyut Vitran Yojna, neutral wire shall be drawn for each single phase transformer up to Grid sub-station so as to ensure safety of single phase system as a consequence of growth in domestic demand of rural area in future. Moreover, neutral wire & mid span poles are also being laid down as per requirement and site conditions from safety point of view.

2.10 Assets

2.10.1 Stakeholder Comments/ Suggestions

It was submitted that Discoms may furnish a list of assets created in FY 2015-16 with expenditure incurred for each asset and a list of works which remained in progress in FY 2015-16 indicating the expenditure incurred up to FY 2015-16 and their probable period of completion.

2.10.2 Petitioners' Response

Discoms submitted that details of fixed assets are available in the audited annual accounts of FY 2015-16.

2.11 Liquidated Damages

2.11.1 Stakeholder Comments/ Suggestions

It may be intimated by the Discoms, whether all capital works are being undertaken on contract basis and if so, whether such order contains any provision for levy of charges if the work is not completed within scheduled time period and what are those charges. The details of Liquidated Damages amount, if any, recovered during last five years may also be furnished.

2.11.2 Petitioners' Response

The Discoms submitted that capital works majorly being executed on contract basis. Each contract order contains levy of late penalty clause which vary from case to case as per the tender provisions. Levy of late penalty provision in the orders issued under Central Labour Rate Contract (CLRC) is being incorporated as per provisions of the CLRC and in Turnkey orders as per specifications approved by the competent Committee. Recovery of penalty on account of delay are being effected (unless and otherwise waived by the competent authority on justified recorded reasons) and booked under the Head "Miscellaneous Receipts" but could not be quantified separately as the head of account consist various other receipts too.

2.12 Sales

2.12.1 Stakeholder Comments/ Suggestions

It was submitted that the Discoms have proposed sales on much higher side to support their investment proposals of higher side but in previous years their actual sales remained lower than the projected sales. Discoms need to justify their proposals for strengthening and improvement of the existing system in view of above context.

2.12.2 Petitioners' Response

The Discoms submitted that the forecast for sales as submitted in the ARR Petition is based on analysis of past trends of number of consumers, consumption across different categories etc. Since the actual demand and sales during the year may vary with the conditions prevalent during the year, the actual figures may vary slightly from the projections made by the Discoms. The investment proposal is based on the field study and analysis of the various parameters like existing and expected demand, the existing conditions of the sub-stations and the area they cater to, the requirement to further expand the coverage area of the Discoms and reaching out to the far-fetched consumers etc. Hence, the investment proposals are very much justified.

2.13 O&M

2.13.1 Stakeholder Comments/ Suggestions

1. It was submitted that works like tightening of wires, straightening of titled poles etc. are of O&M nature and should not be allowed under capital investments. Similarly, investment for release of service connection may not be allowed in their petition.

2. It was submitted that the Commission in its order dated 30.11.2012 had considered the expenditure for replacement of meters/burned transformers etc. as routine O&M works and thus 5% from the lump sum investment proposed under sub-transmission & distribution and RE Works was deducted. Stakeholder submitted that on similar line an amount of 10% may be deducted from the lump-sum investment proposal for FY 2016-17 and FY 2017-18

2.13.2 Petitioners' Response

The Discoms submitted that works mentioned under the sub-station Improvement and Feeder Improvement Schemes are not of the nature of regular Repair and Maintenance. The works like tightening of wires, straightening of tilted poles, replacement of obsolete AB Cables, replacement of defective meters, tightening of loose AB cable etc. have been identified along with identification of dedicated sub-stations and feeders accordingly on which such works are supposed to be carried out. Also the release of connections is a part of the schemes like Rural Electrification, RGGVY and DDUGJY etc. The Rural, APL and BPL connections released under these schemes are specific to them only and cannot be considered as a part of release of regular service connections.

2.14 Documents/Information

2.14.1 Stakeholder Comments/ Suggestions

1. Discoms may furnish the copy of AT&C loss verification report issued by TPIEA-EA M/S Voyant Solution Pvt. Ltd.
2. JVVNL may furnish the copies of maps which provides the details of current and proposed for FY 2016-17 and FY 2017-18, lines/sub-stations in villages(Kanota Area) and city area(Mansarovar, Prithviraj Nagar).
3. Stakeholders sought copy of Pragati Prativedan for the FY 2014-15, FY 2015-16 and FY 2016-17.

2.14.2 Petitioners' Response

1. Discoms submitted that the copy of AT&C loss verification report has already been submitted.
2. JVVNL submitted that the efforts are being taken to make available the copies of the maps and the required information.

3. Discoms have furnished copies of the Pragati Prativedan for FY 2014-15, FY 2015-16 and FY 2016-17.

Commission View:

Commission has taken note of all the comments of the stakeholders and Discoms response to them. Therefore, while allowing the investment, the Commission has considered the comments of stakeholders and Discoms responses as well as the norms prescribed in the RERC (investment approval) Regulation, 2006 dealing with investment plan of licensees.

3: Proposed Investment Plan of Discoms for FY 2016-17 & FY 2017-18, Analysis and Decisions of the Commission

Proposed Investment Plan for FY 2016-17

3.1 The Discoms have proposed investment under various projects/schemes to be executed along with the proposed targets in FY 2016-17 as detailed below:

Table 1: Proposed Capital Expenditure for FY 2016-17 (Rs. in crores)

| S.No. | Particulars | FY 2016-17 | FY 2016-17 | FY 2016-17 | FY 2016-17 |
|-------|-----------------------------------------------|----------------|----------------|----------------|----------------|
| | | JVVNL | AVVNL | JdVVNL | Total |
| 1. | Sub- Transmission & Distribution | 302.27 | 350.00 | 300.00 | 952.27 |
| 2. | Rural Electrification Works | 275.00 | 400.00 | 450.00 | 1125.00 |
| 3. | Rajiv Gandhi Grameen Vidyutikaran Yojana | 152.00 | 254.13 | 280.00 | 686.13 |
| 4. | R-APDRP-A | 100.27 | 16.00 | 50.00 | 166.27 |
| 5. | R-APDRP-B | 135.28 | 50.00 | 110.00 | 295.28 |
| 6. | Feeder Improvement Programme | 72.81 | 44.00 | 50.00 | 166.81 |
| 7. | Sub-Station Improvement Programme | 34.72 | 10.00 | 40.00 | 84.72 |
| 8. | Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY) | 417.44 | 70.00 | 35.00 | 522.44 |
| 9. | Integrated Power Development Scheme (IPDS) | 317.67 | 50.00 | 30.00 | 397.67 |
| | Total | 1807.46 | 1244.13 | 1345.00 | 4396.59 |

3.2 To execute the above work, the Discoms have proposed the funding from following sources:

Table 2: Source wise details of funding for the proposed Capital Investment Plan for FY 2016-17 (Rs. in crores)

| S.No. | Particulars | FY 2016-17 | FY 2016-17 | FY 2016-17 | FY 2016-17 |
|-------|--------------------|----------------|----------------|----------------|----------------|
| | | JVVNL | AVVNL | JdVVNL | Total |
| 1. | Loan and Grant | 1669.19 | 1153.67 | 1210.40 | 4033.26 |
| 2. | State Govt. Equity | 138.27 | 90.46 | 134.60 | 363.33 |
| | Total(1+2) | 1807.46 | 1244.13 | 1345.00 | 4396.59 |

3.3 The capital expenditure in past years and the envisaged plan of FY 2016-17 is as under:

Table 3: Actual capital expenditure in past years and investment proposed for FY 16-17 (Rs in Cr.)

| Financial Year | JVVNL | AVVNL | JdVVNL | Rajasthan |
|-----------------------|--------------|--------------|---------------|------------------|
| 2014-15 (Actual) | 1614.64 | 958.47 | 1263.72 | 3836.83 |
| 2015-16 (Actual) | 1660.21 | 903.87 | 1484.56 | 4048.64 |
| 2016-17 (Actual) | 1493.00 | 1062.73 | 1103.09 | 3658.82 |
| 2016-17 (Proposed) | 1807.46 | 1244.13 | 1345.00 | 4396.59 |

Analysis of the Commission and decisions:

- 3.4 The Commission, before finalizing the Investment Plan, follows a public consultation process by inviting comments and suggestions of Stakeholders on the petition relating to Investment Plan. The comments and suggestions received from the public are then sent to the Licensees for their views and comments and thereafter the matter is taken up for hearing wherein stakeholders are offered an opportunity to explain and clarify their comments/suggestions.
- 3.5 The Commission observes that against the JVVNL, AVVNL and JdVVNL proposal of Rs. 1807 crore, Rs. 1244 crore and Rs. 1345 crore respectively, the Discoms have approximately incurred expenditure of Rs.1493 crore, Rs. 1063 crore and Rs. 1103 crore respectively till March 2017. As the year of investment is already over, the investments actually made are deemed to be approved subject to true-up.
- 3.6 The effect of the Investment Plan gets reflected in tariff by way of capitalization and the Commission while determining ARR & Tariff for FY 2016-17 shall take a view on the capitalization proposed by the Discoms for working out ARR. As such, the impact of investment made in FY 2016-17 in any case would get reflected in True-up petitions.

Proposed Investment Plan for FY 2017-18

3.7 The Discoms have proposed investment under various projects/schemes to be executed along with the proposed targets in FY 2017-18 as detailed below:

Table 4: Proposed Capital Expenditure for FY 2017-18 (Rs. in crores)

| S.No | Particulars | FY 2017-18 | FY 2017-18 | FY 2017-18 | FY 2017-18 |
|------|-----------------------------------------------|----------------|----------------|----------------|----------------|
| | | JVVNL | AVVNL | JdVVNL | Total |
| 1. | Sub- Transmission & Distribution | 226.00 | 350.00 | 485.00 | 1061.00 |
| 2. | Rural Electrification Works | 490.00 | 400.00 | 500.00 | 1390.00 |
| 3. | Rajiv Gandhi Grameen Vidyutikaran Yojana | 163.34 | 125.00 | 372.00 | 660.34 |
| 4. | R-APDRP-A | 28.53 | 5.00 | 25.00 | 58.53 |
| 5. | R-APDRP-B | 28.82 | 20.00 | 0.00 | 48.82 |
| 6. | Feeder Improvement Programme | 144.78 | 5.00 | 10.00 | 159.78 |
| 7. | Sub-Station Improvement Programme | 0.12 | 0.00 | 17.00 | 17.12 |
| 8. | Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY) | 513.54 | 350.00 | 446.00 | 1309.54 |
| 9. | Integrated Power Development Scheme (IPDS) | 197.66 | 150.00 | 185.00 | 532.66 |
| | Total | 1792.79 | 1405.00 | 2040.00 | 5237.79 |

3.8 To execute the above work, the Discoms have proposed the funding from following sources:

Table 5: Source wise details of funding for the proposed Capital Investment Plan for FY 2017-18 (Rs. in crores)

| S.No. | Particulars | FY 2017-18 | FY 2017-18 | FY 2017-18 | FY 2017-18 |
|-------|--------------------|----------------|----------------|----------------|----------------|
| | | JVVNL | AVVNL | JdVVNL | Total |
| 1. | Loan and Grant | 1343.28 | 1063.75 | 1836.00 | 4243.03 |
| 2. | State Govt. Equity | 449.51 | 341.25 | 204.00 | 994.76 |
| | Total(1+2) | 1792.79 | 1405.00 | 2040.00 | 5237.79 |

3.9 JDVVNL and AVVNL, after the hearing submitted the revised details of the plan out lay for FY 2017-18 from Rs. 2040 crore to Rs. 1991.31 crore and from Rs. 1405 crore to Rs. 1377.36 crore respectively due to exclusion of investment proposed for franchisee area, along with the corresponding fund mobilization. Whereas, JVJNL stated that they have already excluded the franchisee area from the proposed investment.

Sub Transmission and Distribution Infrastructure Works:

3.10 The Discoms have proposed a total investment of Rs. 1037.87 crore in FY 2017-18 for sub transmission and distribution infrastructure works. The Discom wise proposed investment and physical targets are provided below:

Table 6: Discom wise proposed investment and physical target for sub-transmission & distribution works in FY 2017-18

| S.No. | Major Heads | Proposed Target | | | |
|-------|---------------------|-----------------|--------|--------|--------|
| | | Units | JVVNL | AVVNL | JdVVNL |
| 1. | Proposed Investment | Rs. Crores | 226.00 | 339.17 | 472.71 |
| 2. | 33/11 KV Substation | MVA | 140 | 280 | 355 |
| | | Nos | 35 | 70 | 100 |
| 3. | 33 KV Lines | KMs | 250 | 350 | 800 |

3.11 The Discoms have submitted that the above investments are required to strengthen the existing network so that the system becomes robust and improved and thereby is able to provide a quality and reliable supply to the consumers with less number of interruptions. These schemes are also aimed to intensify electrification in the Discom area and expansion of the distribution network.

3.12 After hearing, the Discoms have submitted the information of 33/11 KV s/s, MVA Capacity and 33 KV lines (KMs). JVJNL and JDVVNL have installed 53 Nos. and 76 Nos. substations against the target of 70 Nos. and 60 Nos. respectively, whereas JVJNL, AVVNL & JdVNNL have furnished the transformer MVA capacity of 389.95, 230.40 and 292 against targeted transformer MVA capacity of 320, 280 and 258 respectively during FY 2016-17.

Rural Electrification Works:

3.13 Discoms have proposed a total investment of Rs.1360 crores in FY 2017-18 for rural electrification works which includes expansion of distribution network to supply power to rural areas, Reduction in system losses along with improvement of reliability parameters and providing electricity connections in rural areas. The Discom wise proposed investment are provided in table given below:

Table 7: Discom wise proposed investment for RE works in FY 2017-18

| Major Heads | Units | Proposed target | | |
|---------------------|------------|-----------------|--------|--------|
| | | JVVNL | AVVNL | JdVVNL |
| Proposed investment | Rs. Crores | 490.00 | 400.00 | 470.00 |

Rajiv Gandhi Grameen Vidyutikaran Yojana:

3.14 Discoms have proposed an investment of Rs. 660.34 crore in FY 2017-18 for electrification of hamlets with a population of more than hundred people, implementation of RGGVY which includes creation of infrastructure required to electrify the identified villages, hamlets and provision of B.P.L and A.P.L. connections. The Discoms also submitted that the scheme provides for free of cost connection to all rural households living below poverty line. The schemes are funded as per the RGGVY policy by Rural Electrification Corporation. Discom wise proposed investment are provided as under:

Table 8: Discom wise proposed investments for RGGVY in FY 2017-18

| Major Heads | Units | Proposed target | | |
|---------------------|------------|-----------------|--------|--------|
| | | JVVNL | AVVNL | JdVVNL |
| Proposed investment | Rs. Crores | 163.34 | 125.00 | 372.00 |

R-APDRP-A and R-APDRP-B:

3.15 Discoms have proposed total investment of Rs. 95.30 crore in FY 2017-18 under both RAPDRP-Part A and RAPDRP-Part B. Under RAPDRP-Part A scheme, works for developing IT enable activities such as SCADA etc. and strengthening of existing network have been taken up along with installation of hardware and software for Data Center, Disaster recovery Centre, establishment of Customer Care Center at Discoms HQ's, installation of Modems for Meter Data Acquisition System etc.

3.16 Whereas under RAPDRP-Part B focus is on establishment of base line data, maintaining reliability of supply and reduction of AT&C losses through strengthening & up gradation of sub transmission and distribution network. This scheme covers cities and towns of urban areas with population of more than 30,000.

3.17 The Discom wise proposed investments are provided in the table given below:

Table 9: Discom wise proposed investment in FY 2017-18

| S.N o. | Major Heads | Units | Proposed target | | |
|-----------|------------------------|------------|-----------------|-------|--------|
| | | | JVVNL | AVVNL | JdVVNL |
| | RAPDRP Part – A | | | | |
| 1. | Proposed investment | Rs. Crores | 28.53 | 5.00 | 21.75 |
| | RAPDRP Part – B | | | | |
| 2. | Proposed investment | Rs. Crores | 28.82 | 11.20 | 0.00 |

Feeder Improvement Programme:

3.18 Discoms have proposed investment of Rs. 159.70 crore in FY 2017-18 for Feeder Improvement Programme. The Discoms have submitted that the above investments are required for tightening of loose wires, straightening of tilted poles, replacement of obsolete cables, defective meters and such other works.

Table 10: Discom wise proposed investment for Feeder Improvement Programme in FY 2017-18

| Major Heads | Units | Proposed target | | |
|---------------------|------------|-----------------|-------|--------|
| | | JVVNL | AVVNL | JdVVNL |
| Proposed investment | Rs. Crores | 144.78 | 5.00 | 9.92 |

Sub-Station Improvement Programme:

3.19 Discoms have proposed a total investment of Rs. 16.37 crores in FY 2017-18 for sub-station improvement programme which includes installation of new roster switches, circuit breakers, feeder meters and replacement of the non-operative roster switches, circuit breakers and feeder meters.

Table 11: Discom wise proposed investment for Sub- Station Improvement Programme in FY 2017-18

| Major Heads | Units | Proposed target | | |
|---------------------|------------|-----------------|-------|--------|
| | | JVVNL | AVVNL | JdVVNL |
| Proposed investment | Rs. Crores | 0.12 | 0.00 | 16.25 |

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

3.20 Discoms have proposed a total investment of Rs.1309.54 crore in FY 2017-18 for Deendayal Upadhyaya Gram Jyoti Yojana(DDUGJY) which includes

separation of agriculture and non- agriculture feeders, strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas.

- 3.21 It is further submitted by Discoms that the existing Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) has been subsumed in the new scheme and the unspent amount of RGGVY will be carried forward to DDUGJY. All Discoms are eligible for financial assistance under the scheme. Rural Electrification Corporation Limited (REC) will be the nodal agency for implementation of the scheme.
- 3.22 In reply to data gaps Discoms submitted that works already sanctioned under RGGVY which are already receiving or proposed to receive grants / subsidy from Gol is not included in DDUGJY. Therefore undergoing works of RGGVY scheme have not been included in DDUGJY.

Table 12: Discom wise proposed investment for DDUGJY in FY 2017-18

| Major Heads | Proposed target | | | |
|---------------------|-----------------|--------|--------|--------|
| | Units | JVVNL | AVVNL | JdVVNL |
| Proposed investment | Rs. Crores | 513.54 | 350.00 | 446.00 |

Integrated Power Development Scheme (IPDS):

- 3.23 Discoms have proposed a total investment of Rs. 522.33 crores in FY 2017-18 under Integrated Power Development Scheme to extend financial assistance against capital expenditure to address the gaps in sub transmission & distribution network and metering in urban areas to supplement the resources of Discoms/Power Dept and the IT enablement of distribution sector and strengthening of distribution network, as per CCEA approval dated 21.06.2013 for completion of the targets laid down under R-APDRP for 12th and 13th Plans by subsuming R-APDRP in IPDS and carrying forward the approved outlay for RAPDRP to IPDS.
- 3.24 However, it was submitted by Discoms that works already sanctioned under other RAPDRP which are already receiving or proposed to receive grants / subsidy from Gol has not been included in plan outlay of IPDS. Therefore no work of RAPDRP is proposed to be subsumed into IPDS & these will be executed under respective scheme only.

Table 13: Discom wise proposed investment for Integrated Power Development Scheme in FY 2017-18

| Major Heads | | Proposed target | | |
|---------------------|------------|-----------------|--------|--------|
| | Units | JVVNL | AVVNL | JdVVNL |
| Proposed investment | Rs. Crores | 197.66 | 141.99 | 182.68 |

3.25 The capital expenditure in past years and the envisaged plan of FY 2017-18 is as under:

Table 14: Actual capital expenditure in past years and investment proposed for FY 17-18 (Rs in Cr.)

| Financial Year | JVVNL | AVVNL | JdVVNL | Rajasthan |
|----------------------------|---------|---------|---------|-----------|
| 2014-15 (Actual) | 1614.64 | 958.47 | 1263.72 | 3836.83 |
| 2015-16 (Actual) | 1660.21 | 903.87 | 1484.56 | 4048.64 |
| 2016-17 (Actual) | 1493.00 | 1062.73 | 1103.09 | 3658.82 |
| 2016-17 (Proposed) | 1807.46 | 1244.13 | 1345.00 | 4396.59 |
| 2017-18 (Revised Proposed) | 1792.79 | 1377.36 | 1991.31 | 5161.46 |

Analysis of the Commission and decisions:

3.26 The power of Electricity Regulatory Commission in according investment approval has been examined at length by Hon'ble APTEL in appeal no. 84 of 2006, as has been discussed in subsequent paras.

3.27 The issue of according approval by Regulatory Commission of investment plan of a utility had come up before Hon'ble APTEL in appeal no. 84 of 2006. The said appeal had arisen against order of the Karnataka State Regulatory Commission, wherein investment plan of the State Transmission Utility was reduced by the Commission.

3.28 Hon'ble APTEL in that case has examined at length the powers and functions of the Regulatory Commission as regards investment approval and observed in following para as under:

“XXXX

9. *The only provision, if at all which has a relevance is Section 86 (2), which is advisory in nature. This being the position it is obviously clear that the legislature has left it to the utilities to decide their plans of investment or improvement of system or expansion to meet the demand of power within*

their area including up gradation and maintenance for a better and quality generation, transmission or supply as the case may be. It is the commercial decision of the utility and its source to raise funds which falls within the domain of the utility and not liable to be interfered, except at the stage when utility claims for return on such investment, interest on capital expenditure and depreciation. It is at that stage the Commission shall undertake a prudent check and if deemed fit allow the claim. In appropriate cases the Commission may disallow such claims of utility and it is for the utility to bear the brunt of such investment and it cannot pass it on to consumers.

.....

22. *The consumers interest also do not arise at this stage for consideration nor they could be an objector in respect of proposal or plan or investment by utility as the liability of the consumers, if any, arise or there could be a passing by way of return on equity or interest etc. as such contingency arises only when the Regulatory Commission subject to its prudent check allows such expenditure, while fixing the annual revenue requirement and determining the tariff. Till then, the consumers have no say and there could be no objection from their side. When the consumers complain poor service or failure to maintain supply, to face such a situation the utility has to plan in advance, invest in advance, execute the project or scheme for better performance and maintain."*

- 3.29 In the said judgment, it has been concluded that Regulatory Commission should confine itself to exercising prudent check on investment being made by licensee and should not delve in the area of micro management of utility. This inference has been drawn by Hon'ble APTEL after careful examination of the provisions of Electricity Act, 2003. Suffice to say that any control by a Regulatory Commission on investment plan of a licensee beyond requirement of prudent check would not be in consonance with Electricity Act, 2003.
- 3.30 In view of above, Hon'ble APTEL has clear findings on the subject of investment approval, that the Commission would be exercising only prudent check on the investment of the licensee and allow/dis-allow expenditure based on such prudent check instead of according project/scheme-wise approvals. Regulations have to be seen and applied within the overall mandate and objective of the Electricity Act.
- 3.31 For exercising prudent check of the proposed investment plan, the Commission has kept in view the following:

- (a) The ceiling limit on investment as per investment guidelines attached with RERC (Investment Approval) Regulations, 2006;
- (b) The schemes and programme of Central Govt. like RGGVY and RAPDRP, which are formulated, approved and implemented as per guidelines of the Govt. of India;
- (c) Items/works not eligible for inclusion in investment plan;
- (d) The nature of proposed investment and reasons thereof.

3.32 Para E of investment guidelines as attached with RERC (investment approval) Regulation, 2006 provides that the size of the annual investment plan (including deposit works of the other agency and consumer/user's contribution) shall not exceed the ceiling limit determined, based on growth of load/sales and annual inflation rate. The deposit works shall be committed only to the extent such work do not affect annual works planned by the licensees. The annual size of investment plan will be based on criterion that with the addition of assets, cost of generation, transmission and distribution shall not exceed the respective current cost by the inflation rate. For transmission and distribution licensees, it shall not exceed the following ceiling limits:

$$\text{Annual plan} = k * \text{GFA} * [(1 + \text{inflation rate}) * (1 + \text{growth rate}) - 1]$$

Where k=constant to convert GFA at the end of previous year to current cost of assets. Till same is worked out it shall be taken as 1.30.

Inflation rate = ratio of WPI as on 1st April of previous year and current year.

Growth rate = growth of sales envisaged for current year over that of previous year.

Based on above formula, the ceiling limit works out to be as under:

Table 15: Ceiling Limit for investment plan for FY 2017-18 (Rs. in crores)

| Particulars | JVVNL | AVVNL | JdVVNL | Total |
|----------------------------------------------------------------|----------|----------|----------|----------|
| GFA closing figure of 16-17 (as per tariff petition)-Rs. Crore | 16816.49 | 12231.56 | 12352.45 | 41400.5 |
| K | 1.30 | 1.30 | 1.30 | 1.30 |
| Sale for FY 17(MU) as per petition | 19303.55 | 13901.57 | 17999.54 | 51204.66 |
| Sale for FY 18(MU) as per petition | 21345.47 | 15149.09 | 20367.23 | 56861.79 |
| Growth rate for sale (%) | 10.58% | 8.97% | 13.15% | 11.05% |
| Inflation (%) | 3.85% | 3.85% | 3.85% | 3.85% |
| Annual Plan ceiling -Rs. Crore | 3243.19 | 2094.08 | 2811.89 | 8149.15 |

- 3.33 In respect of Sub Transmission and Distribution works, the Commission has observed that financial expenditure in Discoms is not commensurate with the physical target in a year and has exceeded the amount of the investment planned in past years. Care should be taken to initiate an investment in consonance with physical target or augmentation proposed.
- 3.34 It is further observed that accounting of scheme wise expenditure is pre-requisite for effective control over capital expenditure. This will avoid any mismatching and accounting under wrong heads. The accounting of expenses should be under respective schemes and care should be taken while booking of expenses under the appropriate head.
- 3.35 Stakeholders have raised the issue that expenditure for replacement of meters/burnt transformers, etc., which are routine operation and maintenance work, cannot be included in investment plan. The Commission, therefore, has decided to deduct 10% from the lump sum investment proposed under head i.e. 'Sub-transmission and distribution'.
- 3.36 With respect to RGGVY, proposed investment by Discoms is approved and same will be reviewed at the time of true up. Further, Physical target in the schemes should be planned and proposed keeping in consideration the field realities rather than ambitious figures which are not achieved at the end.
- 3.37 Target of AT&C losses as envisaged under UDAY should be strictly monitored and adhered to while enacting works under RAPDRP-A and RAPDRP-B as the scheme is continuing since long and IT enablement of districts is to be seen. The Discoms have also filed the town wise, division wise and circle wise losses.
- 3.38 Discoms have submitted the sanction letter of schemes in reply to data gaps. It has been observed that both DDUGJY and IPDS are recent schemes initiated from FY 2016-17 onwards. These schemes have been sanctioned by the Central Government and are monitored by REC and PFC respectively. Though work of RAPDRP is subsumed in IPDS, RGGVY in DDUGJY but in their reply to data gaps, Discoms have submitted that works already sanctioned under above schemes and grant for which are already receiving or proposed to receive from Gol has not been included in current plan outlay of new schemes. Therefore, work already sanctioned will be executed under their respective schemes only. Investment as proposed except JVVNL in IPDS is hereby approved in these schemes in AVVNL and JdVVNL.

- 3.39 In JVVNL, the combined expenditure proposed for FY 2016-17 and FY 2017-18 in IPDS exceeded the sanction received in the project by Rs. 21.16 crores, as per the sanction letter submitted in reply to data gaps. Hence, JVVNL proposed investment in IPDS for FY 2017-18 is reduced by Rs. 21.16 crores and total approved amount in IPDS is Rs. 176.50 crores.
- 3.40 Discoms have proposed an increase of Rs. 787 crore under DDUGJY scheme towards separation of agriculture and non-agriculture feeders, strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, which is significant step towards strengthening the power supply position in rural area and which also adhere to the objective of power for all. In light of above view, the Commission has considered the Discoms proposal under DDUGJY scheme.
- 3.41 It has been observed that Centrally sponsored scheme like RGGVY, RAPDRP, DDUGJY and IPDS comprises funding from GOI/GOR and the resources of Discoms as per funding pattern of the schemes. Release of funds under the schemes from GOI/GOR is subject to the fulfillment of various conditions as stipulated in the guidelines of such scheme. If the provisions of the guidelines are not complied with by the Discoms or claims are not submitted within the stipulated time limit, deduction are made by GOI/GOR in their matching shares. Discoms in their investment plan have shown funding as per funding pattern assuming that the entire funds will be released by GOI/GOR to Discoms. Therefore, Discoms should ensure release of entire funds from GOI/GOR as per prescribed funding pattern. If there remains any short fall in release of fund from GOI/GOR and additional loans are taken by Discoms to bridge the shortfall, then additional burden on account of interest on such borrowing shall have to be met by Discoms themselves and the same will not be allowed to be passed on to the consumers at the time of true up.
- 3.42 The Commission in its various orders has stressed the need of Compliance of CEA (Measures relating to Safety and Electricity Supply) Regulations, 2010 and CEA (Safety requirements for construction, operation and maintenance of electrical plants and electric lines) Regulations, 2011 and to ensure safety for its workmen, Public and Livestock. In its last tariff order dated 22.09.2016 the Commission noted as under :

"If Petitioners need to spend any money for compliance of the Safety Regulations, the same can be claimed through Investment Plan/ARR and the Commission is willing to consider any additional amount spent on training of employees and for compliance of Safety Regulations during true up exercises for FY 2015-16 and in ARR for subsequent years."

In reply to data gaps Discoms submitted the steps being taken by them to ensure safety and stated that Major works under Substation Improvement Programme and feeder Improvement Programme have been undertaken for compliance of safety regulations and stated that they are ensuring that measures for safety are being followed. However, the Commission finds that above reply is not satisfactory and lack details. Discoms shall prepare an action plan immediately as per the investment approved and if need be the Discoms can submit the proposal for additional investment separately for approval of the Commission. At any rate safety measures have to be ensured.

3.43 The envisaged expenditure of FY 2017-18 is lower than the ceiling expenditure worked out as per 2006 Regulations in respect of Discoms. As per the provisions of Electricity Act, 2003, the licensee is under obligation to provide electricity connection to consumers in his area and has to maintain quality of supply and meet standards of performance specified by the Commission. For ensuring this, appropriate investment is imperative.

3.44 In the light of the position discussed above, the Commission considers it appropriate to allow the investment in respect of different distribution companies as under:

Table 16: Approved investment plan for FY 2017-18 (Rs. in crores)

| Sr.No. | Particulars | JVVNL | AVVNL | JdVVNL | Rajasthan total |
|--------|------------------------------------------------|----------------|----------------|----------------|-----------------|
| 1 | Sub- Transmission & Distribution | 226.00 | 339.17 | 472.71 | 1037.87 |
| 2 | Rural Electrification Works | 490.00 | 400.00 | 470.00 | 1360.00 |
| 3 | Rajiv Gandhi Grameen Vidyutikaran Yojana | 163.34 | 125.00 | 372.00 | 660.34 |
| 4 | R-APDRP-A | 28.53 | 5.00 | 21.75 | 55.28 |
| 5 | R-APDRP-B | 28.82 | 11.20 | 0.00 | 40.02 |
| 6 | Feeder Improvement Programme | 144.78 | 5.00 | 9.92 | 159.70 |
| 7 | Sub-Station Improvement Programme | 0.12 | 0.00 | 16.25 | 16.37 |
| 8 | Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) | 513.54 | 350.00 | 446.00 | 1309.54 |
| 9 | Integrated Power Development Scheme (IPDS) | 197.66 | 141.99 | 182.68 | 522.33 |
| 10 | Proposed Revised Investment plan | 1792.79 | 1377.36 | 1991.31 | 5161.45 |
| | Less: Reduction of ST&D | 22.60 | 33.92 | 47.27 | 103.79 |
| | Less: IPDS | 21.16 | 0.00 | 0.00 | 21.16 |
| 11 | Approved Investment Plan | 1749.03 | 1343.44 | 1944.03 | 5036.51 |

- 3.45 However the actual impact of capital expenditure shall be reviewed while doing truing up. At the same time the Commission would like to advise management of Discoms to effectively monitor the capital expenditure so as to ensure that amount being spent is utilized optimally.
- 3.46 The petition stand disposed off accordingly. Copy of this order may be sent to the petitioners, stakeholders, CEA and Government of Rajasthan.

(S.C. Dinkar)
Member

(R.P. Barwar)
Member

(Vishvanath Hiremath)
Chairman

Annexure A

1. Shri. G.L Sharma
2. Shri. B.M Sanadhya
3. Shri. H. M. Chordia
4. Shri. D. M. Choudhary