

on the dates shown against each of the petitions and the petitions were also placed on the websites of the Commission and Discoms. The last date for submission of suggestions/comments was notified as. 02.04.2018 for JVVNL and 28.03.2018 for AVVNL & JdVVNL.

S.No.	Name of News Paper	JVVNL	AVVNL	JdVVNL
1.	Dainik Bhaskar	09.03.2018	-	01.03.2018
2.	Times of India	10.03.2018	08.03.2018	-
3.	Dainik Navjyoti	09.03.2018	07.03.2018	01.03.2018
4.	Hindustan Times	-	-	04.03.2018
5.	Rashtradoot	-	07.03.2018	-

- 1.5 In all 6 numbers of suggestions/comments were received on JVVNL's petition, 4 numbers on AVVNL's petition and 4 numbers on JdVVNL's petition from the stakeholder for FY 2018-19. The list of stakeholders is enclosed at **Annexure-A**.
- 1.6 The Commission forwarded the suggestions/comments submitted by the Stakeholders to the respective Discoms for giving reply.
- 1.7 JVVNL, AVVNL & JdVVNL submitted their replies vide letter dated 10.05.2018 to the comments/objections of the stakeholders under intimation to the Commission.
- 1.8 The public hearing in the matter was held on 15.05.2018. List of stakeholders who have made oral submissions during the hearing enclosed as **Annexure-B**.
- 1.9 Post hearing, the Discoms on 18.05.2018 have filed clarification in respect of issues raised by the stakeholders during the hearing.
- 1.10 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.
- 1.11 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 FY 2018-19 and dispose them through this common order.

1.12 Petitioners prayed to approve the investment plan of FY 2018-19 as submitted.

1.13 All figures used in this order, unless stated otherwise, are in Rs. Crore.

1.14 For the purpose of representation, figures given in the tables are shown as rounded off. However, for calculation purpose, actual figures have been considered.

1.15 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 Government Approval

2.1.1 Stakeholder Comments/ Suggestions

Stakeholders sought details of State Government approval for proposed investment as stated by JVVNL. It was submitted that tentative outlay for FY 2018-19 by Govt. of Rajasthan for Jaipur Discom is Rs. 1520.97 Crore and not Rs. 1673.08 Crore. However, JVVNL may provide copy of relevant document supporting the allocation of Rs. 1673.08 Crore.

2.1.2 Petitioners' Response

Copy of approval of competent authority for investment plan of Rs. 1673.08 Cr for FY 2018-19 has been submitted by JVVNL.

2.2 33/11 KV Sub-Stations and Lines

2.2.1 Stakeholder Comments/ Suggestions

Information was sought of 33/11 KV sub- stations and lines against the proposed investment plan for FY 2018-19, such as numbers & cost of newly installed/ constructed sub-stations with transformers indicating their MVA capacity and line length along with their commissioning details. The schedule completion period of above works were also sought.

2.2.2 Petitioners' Response:

Discoms have furnished the list of proposed substations, indicating cost, MVA capacity etc. JVVNL further submitted that work for preparation/sanction of proposals for creation of new substations at other places, as per requirement, is under progress. Line length for new proposal/ sanction hereafter will be added in it as and when sanctioned. Discoms also submitted that the above works are proposed to be completed in FY 2018-19.

2.3 RAPDRP

2.3.1 Stakeholder Comments/ Suggestions

It was submitted that the detailed information in respect of works carried out /being carried out under R-APDRP- Part-B, the AT&C losses of each

town/village selected for the purpose, details of work completed, expense incurred up to FY 2017-18 in respect of such selected towns/village/localities, time required to complete the remaining works be provided. List of town where the work has been completed along with position of actual AT&C losses may be provided.

2.3.2 Petitioners' Response

JVVNL submitted that work under R-APDRP-Part B has now been completed in all 22 towns. JVVNL would not be able to submit final AT&C losses under these towns as verification of baseline data and audit of AT&C losses are yet to be done by Third Party independent auditor.

2.4 REC

2.4.1 Stakeholder Comments/ Suggestions

It was submitted that in respect of JVVNL costing proposed for Rural Electrification works including release of new connections have been stated as Rs. 220.95 Crore. Whereas mobilization of funds from REC for such works is Rs. 337.43 Crore. This implies that the balance excess amount of Rs. 116.93 Crore will be utilized for the works of other schemes where either no funds have been provided or the funds provided are not sufficient, the Commission is requested to disallow this practice.

2.4.2 Petitioner's Response

JVVNL submitted that the stakeholder has mistakenly taken the wrong figures of costing and mobilization of funds for Rural Electrification works. The capital investment plan for RE works is Rs. 337 crore and funds mobilized is Rs. 220 crore from REC. The same can be confirmed from Table 1 and Table 3 of the petition.

2.5 Deendayal Upadhyay Gram Jyoti Yojana

2.5.1 Stakeholder Comments/ Suggestions

1. It was submitted that the JVVNL may furnish details of subsidy received towards cost of service line in respect of BPL consumer and whether this subsidy amount is included in the Rs. 282 crore shown as received during FY 16-17 towards consumer contribution.

2. It was submitted that, the expenses which are directly recovered from consumers should not be the part of capital investment.

2.5.2 Petitioner's Response

1. The Discom submitted that Rs. 282 crore is exclusively from consumer contribution and does not include any amount received from subsidizing agencies.
2. JVVNL submitted that amount received from consumers against new connection is credited to 'Consumers Contribution towards Service Line' account, further segregation of consumer contribution is not available as the account are maintained under single head.

2.6 O&M

2.6.1 Stakeholder Comments/ Suggestions

It was submitted that works like tightening of wires, straightening of titled poles etc. being of O&M nature should not be allowed under capital investments.

2.6.2 Petitioners' Response

JVVNL and AVVNL submitted that the works mentioned under the feeder Improvement Schemes are not of the nature of regular repair and maintenance. The works like tightening of wires, straightening of titled poles, replacement of obsolete AB cables, replacement of defective meters, tightening of lose AB cable etc. have been identified after proper study and dedicated sub-stations and feeders are identified accordingly on which such works are supposed to be carried out.

2.7 Documents/Information

2.7.1 Stakeholder Comments/ Suggestions

1. Discoms may clarify as to whether proposed Investment plan for FY 2018-19 contains the works falling within the jurisdiction of Distribution franchises (DF).
2. The qualification and rank of Chief Safety officer may be furnished by JVVNL.

3. A brief note on no. of feeders segregated and their benefit may be furnished by JVVNL.
4. It was submitted that copy of guidelines issued detailing the procedure for preparation of Assets Register may be furnished by JVVNL.
5. It may be intimated whether the newly constructed sub-stations and/or 33kv lines constructed are near the interface point of RVPN GSS and if so the number of such points may also be intimated.

2.7.2 Petitioners' Response

1. Discoms submitted that Capital Investment under DF area is to be done by the Distribution franchisees and thus no capital expenditure amount to be spent by Distribution franchisee has been included in the Investment plan.
2. JVVNL submitted that the position of Chief Safety officer is headed by a technical person.
3. JVVNL submitted that 86 feeders have been segregated till now out of total 1210 feeders to be segregated. JVVNL further submitted that the purpose of this feeder segregation is to provide 24x7 power supply to households and improve quality of power supply in the region.
4. JVVNL submitted that the direction regarding preparation of Asset register has been issued and its preparation is under process.
5. JVVNL has furnished the substation wise information.

2.8 Grant

2.8.1 Stakeholder Comments/ Suggestions

It was submitted that there has been shortfall in release of grant from the Govt. and as such information of additional loan obtained by the Discoms for completion of works was sought.

2.8.2 Petitioners' Response

Discoms submitted that release of grant/subsidy by the lending agency against the respective schemes depends upon progress of execution of the schemes vis-a-vis fulfilment of certain conditions as stipulated while sanctioning these schemes. As such, it may not necessarily be possible that

the grant as envisaged for a particular year is received in that particular year too, rather it may spill over to the subsequent years depending upon the completion of the scheme.

2.9 Fixed Assets

2.9.1 Stakeholder Comments/ Suggestions

It was submitted in respect of AVVNL and JdVVNL that expenditure incurred for capital expenditure for FY 2016-17 is Rs. 1062 crore & Rs. 1103 crore respectively, whereas as per annual accounts Gross Assets added are Rs. 855 crore & Rs. 1217 crore respectively. Discoms may clarify the same.

2.9.2 Petitioners' Response

AVVNL and JdVVNL submitted that these figure are not comparable and addition to CWIP in FY 2016-17 is Rs. 1062 crore & Rs. 1103 crore and addition to GFA is Rs. 855 crore & 1217 Crore respectively.

2.10 Cost of supply

2.10.1 Stakeholder Comments/ Suggestions

It was submitted that JVVNL may recalculate the cost of supply duly taking into account the depreciation and interest from the date of commissioning of the assets not from the date of creation of assets and initiating same.

2.10.2 Petitioners' Response

JVVNL submitted that the Investments made during the year tends to increase the total Annual Revenue requirement which in turn leads to increase in calculated Cost of Supply for the year.

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 2018-19, Analysis and Decision of the Commission

Proposed Investment Plan for FY 2018-19

3.1 The Discoms have proposed investment under various projects/schemes to be executed along with the proposed targets in FY 2018-19 as detailed below:

Table 1: Proposed Capital Expenditure for FY 2018-19

(Rs. in Crore)

Sr. No	Name of schemes	Proposed for F.Y. 2018-19			
		JVVNL	AVVNL	JDVVNL	TOTAL
	Plan Work				
1	Sub- Transmission & Distribution	301.70	300.00	520.00	1121.70
2	Rural Electrification Works	337.43	400.00	540.00	1277.43
3	Rajiv Gandhi Grameen Vidyutikaran Yojana/DDUGJY 12th plan	34.83	70.00	172.00	276.83
4	R-APDRP-A	19.00	4.00	70.00	93.00
5	R-APDRP-B	32.36	21.00	0.00	53.36
6	Feeder Improvement Programme	44.70	80.00	0.00	124.70
7	Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	612.52	385.00	568.00	1565.52
8	Integrated Power Development Scheme (IPDS)	290.54	240.00	236.00	766.54
	TOTAL	1673.08	1500.00	2106.00	5279.08

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 2018-19

(Rs. in Crore)

Sr. No	Name of schemes	Proposed for F.Y. 2018-19			
		JVVNL	AVVNL	JDVVNL	Total
	Sources of funding				
1	Loan	912.61	956.66	1250.74	3120.00
2	Grant	608.36	442.00	707.20	1757.56
3	Equity	152.11	101.34	148.06	401.52

Sr. No	Name of schemes	Proposed for F.Y. 2018-19			
		JVVNL	AVVNL	JDVVNL	Total
	TOTAL	1673.08	1500.00	2106.00	5279.08

Sub Transmission and Distribution Infrastructure Works:

3.3 The Discoms have proposed a total investment of Rs. 1121.70 Crore in FY 2018-19 for sub transmission and distribution infrastructure works. The Discom wise proposed investment and physical targets are provided below:

Table 3: Discom wise proposed investment and physical target for sub-transmission & distribution works in FY 2018-19

Sr. No	Name of schemes	Proposed investment & Physical targets for F.Y. 2018-19			
		Units	JVVNL	AVVNL	JDVVNL
1	Sub- Transmission & Distribution				
a.	Proposed Investment	(Rs. in Crore)	301.70	300.00	520.00
b.	33/11 KV S/s	MVA	239.35	160.00	550.00
		No's	35.00	40.00	125.00
c.	33 KV Lines	KMs	295.00	200.00	750.00
d.	Release of urban domestic connection	No's		25000	

3.4 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.

3.5 The Discoms submitted that these schemes are identified on need basis, with the objective to increase reliability of the network, to strengthen the network, and for improvement of the system to meet the demand growth; the circle planning department initiate the proposals along with the detailed technical due-diligence & after cost-benefit analysis of the proposed investment to be undertaken in the field. The proposals are being forwarded to the headquarters for approval. The planning circle at

headquarters selects the schemes on the basis of technical and financial feasibility and according to the available sanction for the year from the Government. All the schemes under Sub-Transmission and Distribution works, RE works are under Rs. 10 Cr. and the same are being implemented after administrative, technical and financial sanctions of the competent authority in accordance to delegation of powers (DOP).

Rural Electrification Works:

3.6 Discoms have proposed a total investment of Rs.1277.43 Crore in FY 2018-19 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, providing electricity connections in rural areas and energisation of wells with a view to increase water supply. The Discom wise proposed investment and physical targets are provided in table given below:

Table 4: Discom wise proposed investment for RE works in FY 2018-19

Sr. No	Name of schemes	Proposed investment & Physical targets for F.Y. 2018-19			
		Units	JVVNL	AVVNL	JDVVNL
1	Rural Electrification Works				
a.	Proposed Investment	(Rs. in Crore)	337.43	400.00	540.00
b.	Domestic connection rural	No's	160000	120000	250000
c.	Energisation of wells	No's	14544	18000	20000

Rajiv Gandhi Grameen Vidyutikaran Yojana/ Deen Dayal Upadhyaya Gram Jyoti Yojna 12th Plan:

3.7 Jaipur discom has proposed an investment of Rs. 34.83 Crore under DDUGJY 12th Plan and AVVNL & JDVVNL have proposed an investment of Rs. 242 Crore under RGGVY in FY 2018-19 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 include supply of good quality power which would dispersal of small industries in rural areas, delivery of modern health care, education and application of information technologies.

- 3.8 The schemes are funded as per the 12th plan policy by Rural Electrification Corporation. Discom wise proposed investments are provided as under:

Table 5: Discom wise proposed investments for RGGVY in FY 2018-19

Sr. No	Name of schemes	Proposed investment & Physical targets for F.Y. 2018-19			
		Units	JVVNL	AVVNL	JDVVNL
1	Rajiv Gandhi Grameen Vidyutikaran Yojana/DDUGJY 12 th plan	(Rs. in Crore)	34.83	70.00	172.00

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

- 3.9 Discoms have proposed total investment of Rs. 93 Crore in FY 2018-19 under RAPDRP-Part A. 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.

- 3.10 Discoms have proposed total investment of Rs. 53.36 Crore in FY 18-19 under RAPDRP-Part B. 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.

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

Table 6: Discom wise proposed investment in FY 2018-19

Sr. No	Name of schemes	Proposed investment for FY 2018-19		
		JVVNL	AVVNL	JDVVNL

1	R-APDRP- Part A	19.00	4.00	70.00
2	R-APDRP- part B	32.36	21.00	0.00

Feeder Improvement Programme:

3.12 Discoms have proposed investment of Rs. 124.70 Crore in FY 2018-19 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 7: Discom wise proposed investment for Feeder Improvement Programme in FY 2018-19:

Sr. No	Name of schemes	Proposed investment & Physical targets for F.Y. 2018-19			
		Units	JVVNL	AVVNL	JDVVNL
1	Feeder improvement plan	(Rs. in Crore)	44.70	80.00	0.00

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

3.13 Discoms have proposed a total investment of Rs.1565.52 Crore in FY 2018-19 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, Rural electrification for completion of the targets laid down under RGGVY for 12th and 13th Plan by carrying forward the approved outlay for RGGVY to DDUGJY.

3.14 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.

3.15 In their additional submission, 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 8: Discom wise proposed investment for DDUGJY in FY 2018-19

Sr. No	Name of schemes	Proposed investment & Physical targets for F.Y. 2018-19			
		Units	JVVNL	AVVNL	JDVVNL
1	DDUGJY	(Rs. in Crore)	612.52	385.00	568.00

Integrated Power Development Scheme (IPDS):

3.16 Discoms have proposed a total investment of Rs. 766.54 Crore in FY 2018-19 under Integrated Power Development Scheme, launched by Government of India, 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.

Table 9: Discom wise proposed investment for Integrated Power Development Scheme in FY 2018-19

Sr. No	Name of schemes	Proposed investment & Physical targets for F.Y. 2018-19			
		Units	JVVNL	AVVNL	JDVVNL
	IPDS				
1	Proposed Investment	(Rs. in Crore)	290.54	240.00	236.00
2	New 33/11 KV S/s	No's	34.00	36.00	28.00
3	Capacity Augmentation of existing 33/11 Kv S/s	No's	50.00	33.00	32.00
4	33 KV Lines	KMs	345.47	184.00	202.00
5	11 KV Lines	KMs	494.16	203.00	406.00
6	DT Augmentation	KMs	486.00	682.00	866.00
7	LT Lines	KMs	527.09	258.00	910.00
8	Metering	No's	5188	11581	65020

3.17 During the proceeding Jaipur Discom also submitted that they are planning for installation of smart meters in certain areas under IPDS scheme. Smart metering is an initiative taken for system improvement and accurate energy accounting of the distribution utility, which would help Discoms in achieving their milestones under the UDAY scheme. GoR in its endeavour to provide 24x7 power supply for consumers in urban areas has envisioned for installation of Smart Meters/AMI on LT/HT consumers. With metering at all nodal points, the energy accounting and auditing would be improved, resulting in better administrative actions and demand side planning. AMI would help not only in reduced cost of meter reading and data entry but timely detection of defective meters, improvement in billing efficiency with reduction in human error in meter reading and billing. Right now, there is one-way traffic between Discom and the consumers. With smart grid and smart meters, it will be two-way communications, Power theft is a huge challenge and pilferage by tampering with meters and distribution lines has been plaguing the sector, but the smart grid would help tackle this.

3.18 The capital expenditure in past years and the envisaged plan of FY 2018-19 is as under:

Table 10: Actual capital expenditure in past years and investment proposed for FY 18-19 (Rs in Cr.)

Sr.No.	Financial Year	JVVNL	AVVNL	JDVVNL	TOTAL
1	2015-16 (ACTUAL)	1660.21	903.87	1484.56	4048.64
2	2016-17 (ACTUAL)	1493.00	1062.73	1103.09	3658.82
3	2017-18 (PROVISIONAL)	1660.64	1343.44	1610.00	4614.08
4	2018-19 (PROPOSED)	1673.08	1500.00	2106.00	5279.08

Analysis of the Commission and decision:

3.19 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.

3.20 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.

3.21 Hon'ble APTEL in that case had 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.”*

- 3.22 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.
- 3.23 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.
- 3.24 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.
- 3.25 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 11: Ceiling Limit for investment plan for FY 2018-19 (Rs. in Crore)

Sr. No.	Particulars	JVVNL	AVVNL	JdVVNL	Total
1	GFA closing figure of 17-18 (as per tariff petition)-Rs. Crore	17902.76	13328.08	13631.50	44862.34
2	K	1.30	1.30	1.30	1.30
3	Sale for FY 18(MU) as per petition	21227.14	15142.55	18176.68	54546.37
4	Sale for FY 19(MU) as per petition	23,149.41	16724.29	19957.93	59831.63
5	Growth rate for sale (%)	9.06%	10.45%	9.80%	9.69%
6	Inflation (%)	3.85%	3.85%	3.85%	3.85%
7	Annual Plan ceiling -Rs. Crore	3084.77	2546.62	2485.71	8117.09

3.26 In respect of Sub Transmission and Distribution works, the Commission has observed that normally 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.

3.27 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.

- 3.28 With respect to RGGVY/ DDUGJY, 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. Discoms should also attempt to release maximum no. of connections.
- 3.29 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 effect of IT enablement is yet to be seen. It has been observed that as per MoU signed under UDAY Scheme by the Discoms certain works are to be undertaken by Discoms viz Feeder/DT metering, Feeder segregation, AMR metering, Network strengthening and implementation of ERP system etc. In this regard the Discoms submitted that works related to system strengthening, loss reduction etc. are being taken up under schemes like Sub-Transmission and Distribution, RAPDRP, FIP, IPDS, DDUGJY etc. for adherence of targets set under UDAY, various officers have been designed as initiative owners for each activity. The Discom should focus on achieving the goal set under UDAY.
- 3.30 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, deductions 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.

- 3.31 With regard to works like tightening of wires, straightening of tilted poles etc. being of O&M nature, the Discoms submitted that the works mentioned under the feeder Improvement Schemes are not of the nature of regular repair and maintenance and these have been identified after proper study and dedicated sub-stations and feeders are identified accordingly on which such works are supposed to be carried out. However, the Discoms have not furnished any study report or justification. Though the Commission is considering the present proposal, it however directs that Discoms in their next petition should clearly furnish the reasons why these expenses were not included in O&M expenses. If Discoms propose such investment in their next petition they should justify it with supporting material giving details of lines/substation that why such investment should be considered as part of investment plan and not as O&M expenses.
- 3.32 Under DDUGJY, the Discoms have proposed to carry out the feeder segregation to provide 24x7 power supply to households and improve quality of power supply in the region. The work of segregation of feeders has also been contemplated under UDAY scheme and investment for this purpose was also approved in earlier Order(s). However, the progress indicated by Discom appears to be on lower side. Accordingly, Discoms are directed to furnish the details of work of feeder segregation carried by them during last three years and reasons for slippages, if any along with next petition.
- 3.33 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 dt. 02.11.2017 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."*
- 3.34 The Discoms have not proposed any specific investment on account of compliance of safety Regulation, but, submitted that while carrying out electrical works, like tightening of loose wires, replacement of obsolete

cables, reconditioning of transformers, repairing of unsealed cable points, repair of defective circuit breaker etc. It is being ensured that the provisions of safety parameters and measures are followed to the core. Discoms further submitted that regular direction are being imparted to field officers for ensuring compliance of CEA SAFETY Regulations and in training programs safety measures as per the safety Regulations are being explained in detail. The Discoms also certified that all safety measures have been taken in the Discoms area.

- 3.35 The envisaged expenditure of FY 2018-19 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.
- 3.36 As per RERC (Investment Approval) Regulation, 2006 Distribution Licensee can spent upto 1% of its Investment Plan on institutional strengthening. The Discom can accordingly plan for training program & refresher program for all its employees and officers.
- 3.37 Recently GOI has launched a scheme name Saubhagya to provide last mile connectivity to all unelectrified households in rural areas and economically poor household in urban areas. All Discoms are eligible for financial assistance under the scheme in line with DDUGJY. Scheme is mainly funded through grants and utility/ States initial contribution is 10% only. Discom should make all out efforts to release all connection envisaged under the Scheme.
- 3.38 With regard to fixed assets register, the Discoms should prepare and furnish the fixed assets register at the time of filing of next year ARR petition for FY 2019-20. In case Discoms fails to submit the fixed assets register, they shall be liable for a deduction of Rs. 5 crore for each Discoms from their Investment Plan. The Discoms should also prepare and furnish the duly audited scheme wise actual expenditure incurred by them at the time of filing the true up petition for FY 2018-19.

3.39 With regard to AT&C losses under R-APDRP, the Discoms are required to furnish town wise AT&C losses before implementation and after implementation of the R-APDRP along with the next year tariff petition for FY 2019-20.

3.40 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 12: Approved investment plan for FY 2018-19

(Rs. in Crore)

Sr. No	Name of schemes	Approved for F.Y.2018-19			
		JVVNL	AVVNL	JDVVNL	TOTAL
	Plan Work				
1	Sub- Transmission & Distribution	301.70	300.00	520.00	1121.70
2	Rural Electrification Works	337.43	400.00	540.00	1277.43
3	Rajiv Gandhi Grameen Vidyutikaran Yojana/DDUGJY 12th plan	34.83	70.00	172.00	276.83
4	R-APDRP-A	19.00	4.00	70.00	93.00
5	R-APDRP-B	32.36	21.00	0.00	53.36
6	Feeder Improvement Programme	44.70	80.00	0.00	124.70
7	Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)	612.52	385.00	568.00	1565.52
8	Integrated Power Development Scheme (IPDS)	290.54	240.00	236.00	766.54
	Total	1673.08	1500.00	2106.00	5279.08

3.41 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 exercise effective control over expenditure being done under various schemes, so as to ensure that amount being spent is utilized optimally.

3.42 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)

(R.P. Barwar)

(Vishvanath Hiremath)

Member

Member

Chairman

Annexure- A

1. Sh. Y.K. Bolia(JVVNL, AVVNL, JdVVNL)
2. Sh. B.M. Sanadhya(JVVNL, AVVNL, JdVVNL)
3. Sh. G.L. Sharma(JVVNL, AVVNL, JdVVNL)
4. Sh. D.D. Agarwal(JVVNL, AVVNL, JdVVNL)
5. Sh. Kuldeep Verma(JVVNL)
6. Sh. Moh. Aarif(JVVNL)

Annexure- B

1. Sh. Y.K. Bolia(JVVNL, AVVNL, JdVVNL)
2. Sh. B.M. Sanadhya(JVVNL, AVVNL, JdVVNL)
3. Sh. G.L. Sharma(JVVNL, AVVNL, JdVVNL)