



Analysis of ARR and Tariff Proposal of TPSODL for FY 2024-25 Public hearing

DATE : 6 FEBRUARY 2024

WORLD INSTITUTE OF SUSTAINABLE ENERGY

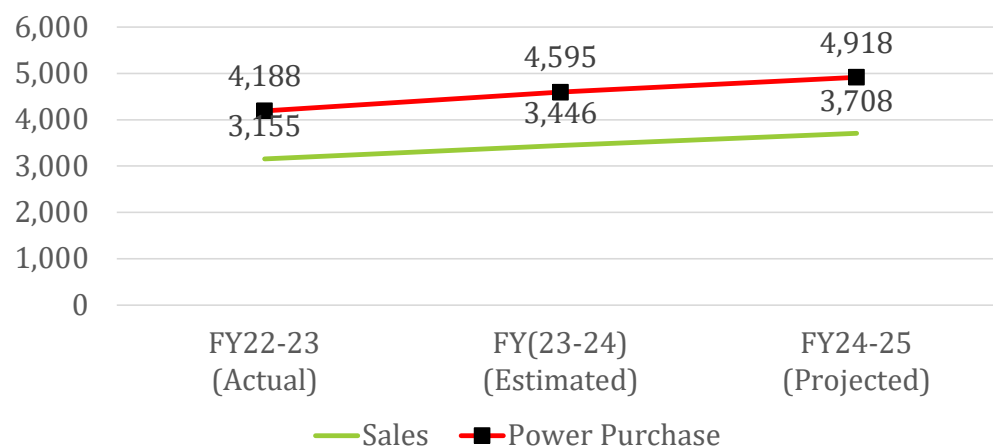
(CONSUMER COUNSEL)

PUNE

Demand Forecasting

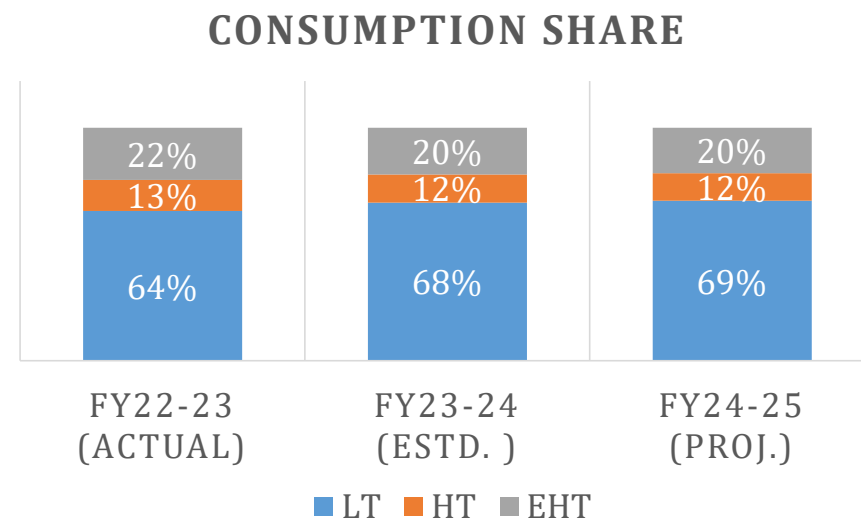
Category	Sales (MU)							Consumers (Nos.)			
	FY 2022-23	FY 2023-24			FY 2024-25			As on 1st April 2022	As on 1st April 2023	As on 1st April 2024	% growth over FY2022
	Actual	Proposed	Approved	Estimated	Projected	Projected % over approved of FY23-24	Projected % over estimates of FY23-24				
LT	2,028	2,553	2,553	2,338	2,545	0%	9%	20,25,230	22,62,814	23,12,594	2.20%
HT	422	391	430	415	436	1%	5%	1,887	2,158	2,386	10.57%
EHT	706	642	707	693	727	3%	5%	18	19	19	0.00%
Total	3,155	3,586	3,690	3,446	3,708	0%	8%	20,27,135	22,64,991	23,14,999	2.21%
LT sale % of Total	64.27%	71.19%	69.18%	67.85%	68.64%						
Power Purchase (MU)	4,188	4,781	4,920	4,595	4,918	0%	7%				

- In FY 2024-25, 8% growth in sales is projected (w.r.t. estimate of FY 23-24) and FY 2023-24, the growth in sales is around 9%.
- Not much change in sales in FY 2024-25 in comparison with Approved sales of FY 2023-24.
- In FY 2024-25, LT sales is growth is 9%, however, LT consumer growth is only 2.2%.
- HT consumer growth is projected as 10.57% (addition of 228 consumers in HT)
- EHT sales is projected to be reduced in FY 23-24 and then increase of 5%.



Electricity Consumption Pattern Across Diff Categories

	FY2-23 (Actual)	FY23-24 (Estd.)	FY24-25 (Proj.)
LT consumers	20,25,230	22,62,814	23,12,594
LT consumption (MU)	2,028	2,338	2,545
Per consumer use per month kWh	83	86	92
HT consumers	1,887	2,158	2,386
HT consumption (MU)	422	415	436
Per consumer use per month kWh	18,620	16,026	15,228
EHT consumers	18	19	19
EHT consumption (MU)	706	693	727
Per consumer use per month kWh	32,67,037	30,39,474	31,88,596
Total consumption	3,155	3,446	3,708

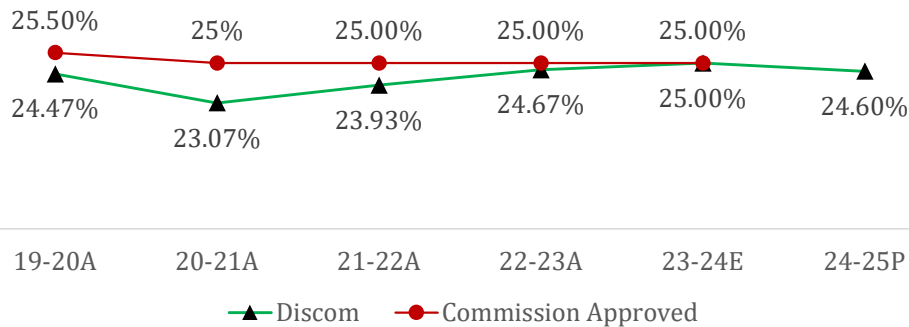


Category	Supply Voltage	FY22-23 (Actual)	FY23-24 (Estd.)	% Increase over FY22-23	FY24-25 (Proj.)	% Increase over FY23-24
Irrigation Pumping and Agriculture	LT	99.89	130.20	30%	135.51	4%
Allied Agricultural Activities	LT	5.79	7.15	23%	7.61	6%
Allied Agro-Industrial Activities	LT	0.60	1.30	117%	1.35	4%
LT industrial (s) Supply <22 kVA	LT	11.57	18.40	59%	20.12	9%
Irrigation Pumping and Agriculture	HT	1.49	2.20	47%	3.52	60%
Bulk supply domestic	HT	7.07	9.30	32%	10.43	12%
Allied Agro-Industrial Activities	HT	2.13	2.80	32%	3.58	28%
Large Industry	EHT	118.15	135.28	14%	139.45	3%
Power Intensive Industry	EHT	134.22	135.00	1%	141.43	5%

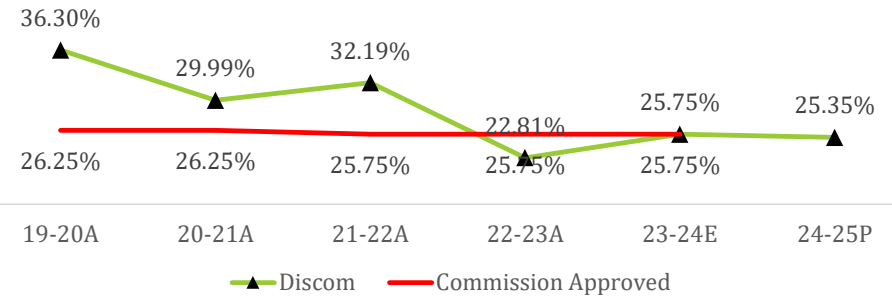
Overall losses



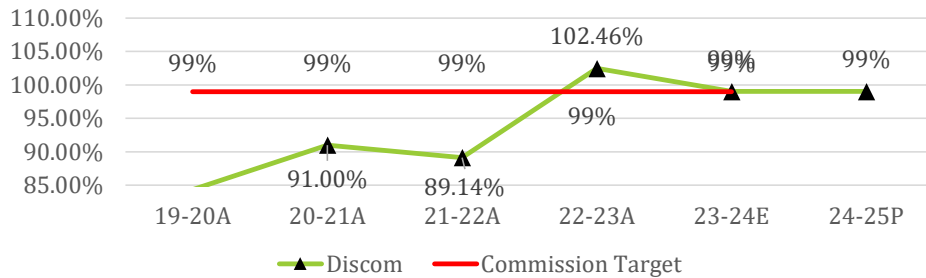
Distribution Loss (%)



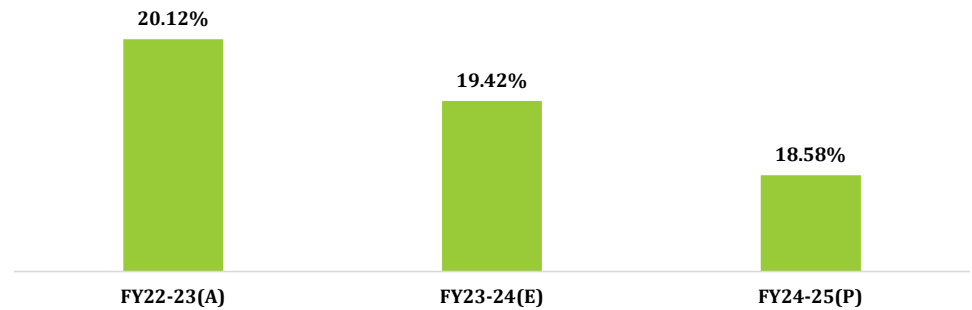
AT&C Loss (%)



Collection Efficiency (%)



LT Loss



- AT&C and Distribution loss have increasing trend though approval is constant. **Actual performance may be reviewed with targets given in vesting order.**
- The HT loss of 8% needs to be revised as they have been constant for long period
- LT Distribution losses are about 20.12% (FY 22-23 actual) and 19.42% (FY 23-24 estimated), with the assumption of HT loss of 8% and EHT loss of 0%. The same will be higher if HT loss is considered as 8%.
- The collection efficiency achieved in FY22-23 was of >100%.

Circle wise performance



	Berhampur City Circle	Berhampur Circle	Aska Circle	Bhanjanagar Circle	Rayagada Circle	Jeypore Circle
FY 22-23						
TOTAL SALE	791.521	507.143	223.596	321.605	483.366	828.141
TOTAL POWER PURCHASE	1024.150	583.190	412.120	466.770	551.630	1150.590
T&D LOSS (MU)	232.629	76.047	188.524	145.165	68.264	322.449
T&D LOSS (%)	22.71%	13.04%	45.75%	31.10%	12.37%	28.02%
FY 23-24 (April-Sept 23)						
TOTAL SALE	326.411	395.719	133.132	181.899	263.396	429.690
TOTAL POWER PURCHASE	363.000	456.520	278.320	354.210	327.250	518.700
T&D LOSS (MU)	36.589	60.801	145.188	172.311	63.854	89.010
T&D LOSS (%)	10.08%	13.32%	52.17%	48.65%	19.51%	17.16%

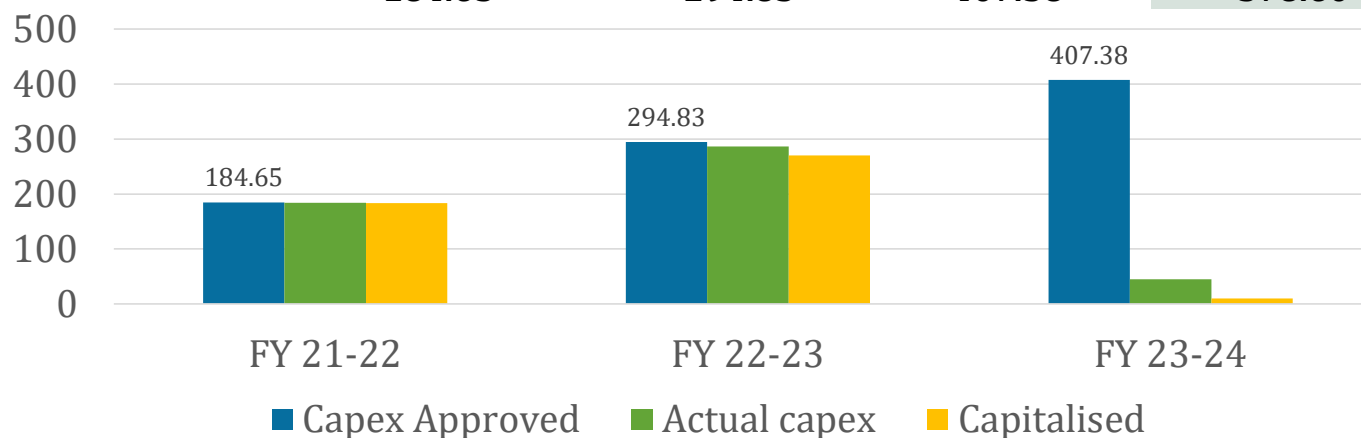
ARR Proposal for FY 2024-25 (Rs. Cr)

Sl No.	Cost/Income Component	Approved ARR for FY 2023-24	Proposed ARR for FY 2024-25	Percentage of total Dist. Cost	% Rise over Approved ARR
1	Total Power Purchase Cost	1,152.04	1,151.46	48.85%	-0.05%
2	Employee Cost	495.76	419.50	17.80%	-15.38%
3	Repair & Maintenance Cost	152.57	254.00	10.78%	66.48%
4	Administrative & General Expenses	112.66	191.40	8.12%	69.89%
5	Bad & Doubtful Debt including Rebate	19.91	20.77	0.88%	4.32%
6	Depreciation	52.15	99.03	4.20%	89.89%
7	Interest on Security Deposits	21.78	21.03	0.89%	-3.44%
8	Interest on Loan	24.34	59.49	2.52%	144.41%
9	Interest on Working Capital	13.66	19.98	0.85%	46.27%
10	Financing Cost	-	-	0.00%	-
11	Return on Equity incld. Tax on RoE	39.67	120.62	5.12%	204.06%
12	Total Dist Cost	2,084.54	2,357.28	100.00%	13.08%
13	Less Misc Receipts	55.82	54.62		-2.15%
14	Provisional surplus considered in T.O	0	-		-
15	Special Appropriation	40.49			
16	Total ARR Requirement	1,988.23	2,302.66		15.81%
17	Total Revenue (at Existing Rate)	0.00	2,077.00		#DIV/0!
18	GAP at Existing tariff (+/-)	0.00	-225.66		

Capex (as per Order dated 12.12.2023 in Case 104/2023)



Particulars	Approved for FY2021-22	Approved for FY2022-23	Approved for FY2023-24	Proposed for FY2024-25	Approved for FY2024-25
Safety & Statutory	31.43	39.33	26.13	37.13	37.13
Loss reduction	15.69	60.72	84.29	17.92	17.92
Reliability	37.47	123.75	146.35	187.72	187.72
Load Growth	8.74	18.72	67.88	78.22	78.22
Technology /Infrastructure	91.32	33.27	41.26	15.59	13.21
Civil Infrastructure		19.04	35.08	35.04	32.04
Differential Capex for new connection			5.00		
Carbon footprint				7.00	7.00
Total	184.65	294.83	407.38	378.60	373.24



Employee Expenses



FY	Proposed	Approved	Actual	% Deviation w.r.t Approved Values
2016-17	323	190	286	50.5%
2017-18	385	225	318	41.3%
2018-19	368	254	397	56.3%
2019-20	398	358	389	8.7%
2020-21	398.68	370.88	363.6	-2.0%
2021-22	416.27	404.76	463.33	14.5%
2022-23	578.75	402.42	394.12	-2.1%
2023-24	284.04	495.76	384.82	-22.4%
2024-25	419.48			

Particular	Approved Cost for FY23-24	Estimates of FY 2023-24	% Inc/Dec w.r.t approved for FY23-24	Proposed for FY 2024-25	% Inc/Dec w.r.t approved for FY23-24
Existing Employee Cost	158.37	155.49	-2%	178.53	13%
Outsourced Employee Cost	95.00	6.83	-93%	7.00	-93%
Additional Employee Cost -CTC	111.44	100.77	-10%	124.53	12%
Total Other Staff Cost	4.51	7.40	64%	8.91	98%
Staff Welfare Expenses & Other Staff Cost	20.33	24.61	21%	19.76	-0.03
Terminal Benefits	136.31	119.96	-12%	116.65	-0.14
Total Gross Employee Cost	525.96	415.06	-21%	455.38	-0.13
Less: Employee Cost Capitalized	30.24	30.24	0%	35.90	19%
Net Employee Costs	495.72	384.82	-22%	419.48	-15%

- Licensee has proposed Rs 419.48 Cr of employee cost as against approved of Rs 495.76 Cr for FY 23-24.
- Licensee has projected 13% increase in existing employee cost for ensuring year. DA and other allowances may be reviewed.
- Actual Outsource employee cost is very much on lower side than approved. Hence, the same may be reviewed.
- Terminal benefits is proposed as Rs 116.65 Cr for FY 2024-25. The same may be approved on the basis of actual expenses of FY 2023-24.

Details of Employee addition

Sr No	ADDITIONAL INFORMATION (For Total Employee strenght)	Previous Year (FY 2022-23)	Current Year (FY 2023-24)	Ensuing Year (FY 2024-25)
1	No. of Employees as on : (beginning of the FY)	2333	2687	2997
2	No. of Employees added during the year :	433	385	186
3	Employees Retd./Expired/resigned during the year :	79	75	36
4	No. of consumer at closing of the FY	2687	2997	3147
5	Average no. of Employees for the year	2510	2842	3072
6	No. of Million Units Sold	3155	3446	3708
7	No. of Employees per MKWh sold	0.80	0.82	0.83
8	No. of consumer	2027135	2264991	2314999
9	No. of employees per 1000 consumers	1.33	1.32	1.36

Repair and Maintenance Costs

FY	Proposed	Approved	Actual / Estimated
2017-18	109.78	34.91	6.74
2018-19	125.46	39.19	6.78
2019-20	73.88	44	4.59
2020-21	85.01	45.96	6.2
2021-22	86.81	55.36	90.68
2022-23	137.91	90.24	243
2023-24	254	152.57	254.00
2024-25	254		

R&M for FY 2024-25		Particulars
1	DISCOM's Gross fixed assets (GFA) as on 01.04.2024	2195.48
2	Rate of R & M on GFA	4.50%
3	R&M on GFA	176.30
4	Govt. (Funded/Grant) Assets as on 01.04.2024	2590.00
5	Rate of R & M on Govt. (Funded/Grant) Assets	3.00%
6	R&M on Govt. funded Assets	77.70
Total R & M		253.997
Proposed GFA during FY 23-24		Particulars
1	DISCOM's Gross fixed assets (GFA) as on 01.04.2023	1488.58
2	Addition in FY 23-24	706.90
3	Govt. (Funded/Grant) Assets as on 01.04.2023	2406.38
4	Addition in FY 23-24	183.62

- The Current year (FY 23-24) R&M is proposed is higher than the commissions approved R&M by Rs 102 Cr. Further, the first six months' R&M is about 128 Cr .
- Increased R&M should reflect increase in reliability and quality power, further should reduce the AT&C losses.
- For FY 24-25 licensee has proposed Rs 254 Cr as R&M expenses. The Licensee has proposed Rs 28.02 Cr of Dist.
- Line R&M, for which details explanation is required.
- The licensee Proposed R&M at 4.5% on licensees GFA of Rs 2195.48 Cr as on 1.04.2024 and 3% on Govt. Funded /grant Assets of Rs 2590 Cr. However, substantial GFA addition has been proposed in FY 23-24, the same should be reviewed .

Administrative and General Expenses (Rs. Cr.)

FY (Rs.Cr)	Proposed	Approved	Actual
2016-17	65.73	39.42	29.03
2017-18	59.06	26.12	34.59
2018-19	65.77	29.95	37.96
2019-20	76.72	33.95	27.41
2020-21	85.22	35.49	38.33
2021-22	58.23	45.13	96.76
2022-23	113.82	77.25	205.06
2023-24	180.00	112.66	179.54
2024-25	191.40		

- For Current financial year, licensee has proposed revised estimates of A&G cost of Rs. 179.54 Cr as against the approved A&G expenses of Rs 112.66 Cr. A&G being controllable expenses higher expenses is undesirable.
- A&G Expenses proposed in FY 2024-25 are of Rs 191.40 Cr. The A&G expenses should be 7% above the Commissions approved normal A&G expenses (W/O additional A&G) as per MYT Regulations.

ADDITIONAL A & G EXPENSES	FY 22-23	FY 23-24	FY 24.25
Customer Care Centre	1.12	2.28	2.33
Incentive for arrear collection	2.29	3.94	4.02
Electrical Compensation	1.61	-	-
Metering, Billing and Collection (MBC) Expenses	130.62	106.78	114.26
Vigilance & Anti-Theft Activities	3.21	7.88	8.04
Total :	138.85	120.88	128.64

Licensee proposed expenditure for Metering Billing And Collection (MBC) as 114.26 Cr and additional outsourcing expenditure is proposed under employee cost. Needs review based on activity and expenditure proposed.

Debtors Outstanding (In Rs Lakhs) as on 31.03.2023

Categories of Consumer/Region	0 - 6 m	6 - 12 m	12 - 24 m	Over 24 months	Total Outstanding 31.03.2023	Billed 2022-23	No. of Days of Sales
Agro & Agro Allied	0.22	0.19	0.25	0.01	0.67	7.81	31
Domestic	115.69	90.37	61.99	131.57	399.62	662.59	220
LT General (Commercial)	19.92	10.19	10.66	4.10	44.87	233.33	70
Industrial							
High tension	0.78	0.64	2.92	1.68	6.02	457.53	5
Medium/low tension	0.37	0.51	1.89	0.05	2.82	28.65	36
Public Lighting(Street Lighting)	3.46	1.37	2.31	0.38	7.52	78.44	35
Irrigation/ Agriculture	5.78	5.38	9.98	1.25	22.39	18.07	452
Water Supply & public works	5.65	2.18	3.47	0.29	11.59	66.31	64
Supplies in Bulk to Others	0.00	0.00	0.25	0.00	0.25	3.82	24
Others	5.07	2.32	1.98	1.16	10.53	47.42	81
TOTAL	156.94	113.15	95.70	140.49	506.28	1814.05	102
% of total	31.00%	22.35%	18.90%	27.75%			

Tariff Rationalization Measures

DPS on Electricity Bills

Re-introducing the DPS for LT Domestic, LT General Purpose and HT Bulk Supply Domestic Consumers.

Submission:

- Hon'ble Commission has already dealt with the matter in Tariff Order for FY23-24, wherein, the Commission observed that the revenue impact of DPS for these small consumers is also not substantial. Therefore, in order to resolve bill disputes quickly, the Commission decides to abolish DPS for LT Domestic, LT General Purpose and HT Bulk Supply Domestic Consumers w.e.f. 01.04.2023.
- As such there seems no inherent benefit of re-introducing DPS on Electricity Bills for such consumers.

Pro-rata Billing

Pro-rata billing for Tariff Slab applicability in case of billing being in deviation to the monthly billing cycle prescribed by the Hon'ble Commission

Submission:

- Considering the present arrangement, suitable decision may be taken.
- Discom suggestion may be looked into by Hon'ble Commission

Tariff Rationalization Measures

Meter Cost to be recovered in CAPEX instead of through Meter Rent

Expenditure on Meters for consumers should be a part of the Capex plan that needs to be approved by the Hon'ble Commission.

Submission:

- Smart Meters with pre-payment feature means the recharge amount will be available to Utility in advance. Billing and metering cost will reduce significantly.
- Cost-benefit analysis is required from Discom.
- Meter rent has been finalized Hon'ble Commission.

Creation of Corpus for Meeting Natural Calamities

Creation of fund for such disaster management and to restore power supply in quick time. Accordingly, separate charge of Rs.2 per month may kindly be allowed to be recovered from all the consumers through energy charges.

Submission:

- No separate charge should be introduced.

Tariff Rationalization Measures

Encouragement towards Ebill

Discount of Rs 10 per Bill per Month may be given to those who opt for EBill.

Submission:

- The option for E-Bill or use of electronic media is in the interest of the Consumers.
- MoP through the Electricity (Rights of Consumers) Rules 2020 and its amendments thereof also promotes use of online means for bill payment and providing rebate to such consumers.
- The option may be looked into by the Hon'ble Commission with suitable changes in Supply Code/issue of Practice direction in the matter.

Energy police station (EPS)

Due to various factors effective of the EPS in the past was not encouraging. Two Energy police stations is proposed by the Licensee. Necessary expenditure may be allowed as additional A&G cost.

Submission:

- The effectiveness of EPS may be reviewed.
- Additional A&G cost may be within the approved value.

Tariff Rationalization Measures

Assessment in case of theft of energy

- Hon'ble Commission has provided guidelines; however, as per field condition while doing the assessment it is not practically feasible to adhere the provision.
- For assessment, LF may be: Domestic – 30%, GP – 60%, continuous process industry – 100%

Submission:

- Considering the present arrangement as per Supply Code provisions, the need for change in LF is not desirable.
- Supply code amendment is required, not under present proceeding.

Revision of reconnection charges

- The Licensee proposed doubling of reconnection charges.

Submission:

- The fees proposed should be reviewed based on actual cost involved. Detailed submission are required.



Thank You

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