

Submitted to Ministry of Power

Comments on Petition for Approval of True Up for FY 2018-19 by AVVNL

August 2020

1.0950

0.8900

0.6140

0.5530



CENTRE FOR ENERGY, ENVIRONMENT & PEOPLE

RERC has uploaded the 'Petition for Approval of True Up for FY 2018-19' by AVVNL on its website and has invited comments and suggestions from all stakeholders on the petition. The present submission is in response to the said notice and the petition by AVVNL thereunder. We request the Commission to accept this submission on record.

OUR SUGGESTIONS

1. The petitioner has claimed the distribution losses as 18.03% in the petition and as per the data from the annual report 2018-19 (Section 29 -10 (page 168) of Notes forming part of the Financial Statements for the year 2018-19) AT&C losses are at 23.31%. The MOU executed under the UDAY Scheme mandates the petitioner to reduce the **AT&C losses** to 15% by the year 2018-19 while the petitioner has refrained from reporting AT&C losses anywhere in the petition. Therefore, as per the UDAY MOU, the petitioner has failed to achieve the specified target due to which the burden of the conversion of grant to debt as per UDAY MOU falls on the consumer. It is hereby requested that the consumer should not be forced to bear the brunt of the petitioner's inefficiency and the petitioner should be penalised for failing to meet the target.
2. The AT&C losses for the year 18-19 stand at 23.31% which is higher than that of the year 17-18 which stood at 22.94% (Section 29-10 of the Annual Report for the year 18-19). This clearly indicates a deterioration of the performance of the petitioner and the petitioner should be penalised for the same.
3. The deviation between approved ARR and actual ARR is largely contributed by Power Purchase Costs which have risen from an approved cost of Rs 4.27 per unit (including Transmission Cost) to an actual rate of Rs 4.80 per unit (including Transmission Cost). The power purchase cost from Adani generating stations has varied up to 3.67 INR per kWh which is huge. The same requires a detailed explanation and should be taken up with AVVNL.
4. The variation in power purchase costs could have been avoided by taking proper estimates and escalations during ARR finalisation. The licensee is requested to provide plant-wise details of deviation in Power purchase cost and reasons with documentary evidence for the same. An explanation may also be provided stating the reasons for which the same was not considered during the ARR petition filing.
5. The power purchase cost from RVUNL run DCCPP is Rs. 114.22 per unit for 5.16 MUs. The PLF of DCCPP for 2018-19 according to RVUNL is extremely low at 0.72. Due to the current situation of the COVID-19 pandemic, the demand is not expected to increase for the next 02 years and the RERC is requested to order the petitioner to re-consider contracting new capacity and signing new PPAs.
6. The Licensee has been directed to furnish the Fixed Assets Register multiple times by RERC in its orders & public hearings, but the Licensee has failed to submit any proper records of Fixed Assets which include quantity and current condition of assets. Similarly, the

details of leasehold records and freehold records are also not made available as mandated by the commission. The same is requested to be furnished before the finalisation of this truing-up exercise.

7. RERC had mandated the Licensee to monitor the quality of supply (Voltage variations, drops, imbalances, harmonics etc.) and submit a report in the next tariff filing. The same has not been done and a time-bound deadline should be given to the licensee to attend this.
8. The terminal benefits claimed in table 8 should be allowed only to the extent of funds transferred to the designated fund as per form 3.2(b)
9. The interest on long-term loans as claimed in the petition (table 15) is Rs. 2351.33 crores and as per form 3.7, it is Rs. 2390.25 crores (including the capitalised Rs. 162.66 crores). The petitioner is requested to clarify the discrepancy in reporting the same.
10. RERC has allotted Rs 50 Lakh in its approved order for consumer awareness while the petitioner has utilised the same for consumer awareness and education. The petitioner needs to be penalised for failing to utilise the allocated funds.
11. The petitioner is asked to furnish the details of the capital investment incurred by the Distribution Franchisee during FY 18-19 along with the list of the works executed.
12. The gross A&G expenses have been claimed as Rs. 132 crores against the approved Rs. 57 crores in the petition while the expenditure made in FY17-18 was Rs. 66 crores. The petitioner is asked to furnish a detailed explanation for the increase in the A&G expenses compared to the previous year.
13. The overall O&M expenses have been claimed as Rs. 1597 crores against the approved Rs. 1390 crores while the expenses claimed and approved under O&M expenses (Employee costs, A&G expenses, R&M expenses, and Terminal benefits) for FY17-18 were Rs. 819.5 crores. The petitioner is asked to furnish a detailed explanation for the increase in the O&M expenses compared to the previous year.
14. In the summary of ARR, the petitioner has claimed Rs. 25.15 crores against bad debts written off. The petitioner is asked to furnish details along with a detailed explanation of such bad debts.