

NAGALAND ELECTRICITY
REGULATORY COMMISSION



ORDER ON
TRUE UP FOR THE FY 2021-22

FOR

DEPARTMENT OF POWER,
GOVERNMENT OF NAGALAND

Dated: 4th August, 2023.

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ABBREVIATIONS

| Abbreviation | Description |
|---------------------|--|
| ABT | Availability Based Tariff |
| A&G | Administration & General |
| APTEL | Appellate Tribunal for Electricity |
| ARR | Aggregate Revenue Requirement |
| CAGR | Compounded Annual Growth Rate |
| CD | Contract Demand |
| CERC | Central Electricity Regulatory Commission |
| CGS | Central Generating Stations |
| CoS | Cost of Supply |
| CPSU | Central Power Sector Undertakings |
| Cr | Crores |
| Crs | Crores |
| CT | Current Transformer |
| CWIP | Capital Work In Progress |
| DE | Debt Equity |
| DPN | Department of Power, Govt. of Nagaland |
| EHT | Extra High Tension |
| ER | Eastern Region |
| FAC | Fuel Adjustment Costs |
| FDR | Fixed Deposits Receipts |
| FPPCA | Fuel Power Purchase Cost Adjustment |
| FY | Financial Year |
| GCV | Gross Calorific Value |
| GFA | Gross Fixed Assets |
| HP | Horse Power |
| HT | High Tension |
| KV | Kilovolt |
| KVA | Kilo volt Amps |
| KW | Kilo Watt |
| kWh | kilo Watt hour |
| LNG | Liquefied Natural Gas |
| LT | Low Tension |
| MU | Million Units |
| MVA | Million-volt Amps |
| MW | Mega Watt |
| MYT | Multi Year Tariff |
| NER | North Eastern Region |
| NERC | Nagaland Electricity Regulatory Commission |
| NTP | National Tariff Policy |
| O&M | Operation & Maintenance |

| Abbreviation | Description |
|---------------------|--|
| PLF | Plant Load Factor |
| PLR | Prime Lending Rate |
| R&M | Repairs and Maintenance |
| RIMS | Regulatory Information and Management System |
| RoR | Rate of Return |
| Rs. | Rupees |
| ₹ | Rupees |
| S/s | Sub Station |
| SBI | State Bank of India |
| SERC | State Electricity Regulatory Commission |
| T&D | Transmission & Distribution |
| UI | Unscheduled Interchange |
| YoY | Year on Year |

**Before the
Nagaland Electricity Regulatory Commission
for the State of Nagaland**

Case No.: 07/2023-24

In the matter of

Petition for True Up for the FY 2021-22 filed by the Department of Power, Government of Nagaland, herein after referred to as 'DPN' ---Petitioner.

Present

KHOSE SALE
Chairman,
NERC, Kohima.

ORDER

(The 4th August, 2023)

1. The Department of Power, Government of Nagaland (herein after referred to as DPN) is a deemed licensee in terms of section 14 of the Electricity Act, 2003 (herein after referred to as Act), engaged in the business of generation, transmission and distribution of electricity in the state of Nagaland.
2. As per the NERC (Multi Year Tariff) Regulations, 2016, the DPN has filed the Petition for Truing-up for the FY 2021-22 on 26-06-2023.
3. In exercise of the powers vested under section 62(1) read with section 62(3) and section 64 3(a) of the Electricity Act, 2003, NERC Regulations, 2016 (herein after referred to as MYT Regulations) and other enabling provisions in this behalf, the Commission issues this order for approval of the True up for the FY 2021-22 for supply of electricity in the state of Nagaland under NERC Regulations.

4. Tariff Regulations specify that the distribution licensee shall file True-up Petition along with requisite fee as specified in Commission's fees, fines and charges regulations based on the Audited Accounts for the respective year. Accordingly, the DPN has filed the True-up Petition for the FY 2021-22.
5. The Commission took into consideration the facts presented by the DPN in its Petition and subsequent filings and has approved the True Up for the FY 2021-22.
6. This order is in three chapters as detailed below:
 1. Chapter 1: Introduction.
 2. Chapter 2: Summary of True-up petition for the FY 2021-22.
 3. Chapter 3: True Up for the FY 2021-22.

Place: Kohima.

Dated the 4th August, 2023

Sd/-
Chairman
NERC, Kohima

1. INTRODUCTION

1.1. Nagaland Electricity Regulatory Commission

In exercise of the powers conferred by the Electricity Act, 2003, the State Government of Nagaland constituted an Electricity Regulatory Commission to be known as “Nagaland Electricity Regulatory Commission” for the State of Nagaland, as notified on 21st February, 2008.

The Commission is a one-member body designated to function as an autonomous authority responsible for regulation of the power sector in the State of Nagaland. The powers and the functions of the Commission are as prescribed in the Electricity Act, 2003. The head office of the Commission is presently located at Kohima, capital city of the Nagaland State.

The Nagaland Electricity Regulatory Commission for the State of Nagaland started to function with effect from 4th March, 2008 with the objectives and purposes for which the Commission has been established.

The Department of Power, Government of Nagaland herein called DPN, a deemed licensee under section 14 of the Electricity Act, 2003, is carrying on the business of distribution and retail supply of electricity in the state of Nagaland.

1.1.1. In accordance with the provisions of the Act, the Nagaland Commission discharges the following functions:

- a) Determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State: Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
- b) Regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- c) Facilitate intra-State transmission and wheeling of electricity;

- d) Issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- e) Promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
- f) Adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
- g) Levy fee for the purposes of this Act;
- h) Specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
- i) Specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- j) Fix the trading margin in the intra-State trading of electricity, if considered, necessary;
- k) Discharge such other functions as may be assigned to it under the Act.

1.1.2. Further, the Commission also advises the State Government on all or any of the following matters namely:

- a) Promotion of competition, efficiency and economy in activities of the electricity industry;
- b) Promotion of investment in electricity industry;
- c) Reorganization and restructuring of electricity industry in the State;
- d) Matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.

1.1.3. The State Commission ensures transparency while exercising its powers and discharging its functions.

1.1.4. In discharge of its functions, the State Commission is guided by the National Tariff Policy (NTP) as brought out by GOI in compliance to Section 3 of the Act. The objectives of the NTP are to:

- a. Ensure availability of electricity to consumers at reasonable and competitive rates;
- b. Ensure financial viability of the sector and attract investments;
- c. Promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
- d. Promote competition, efficiency in operations and improvement in quality of supply.

1.2. True-up Petition

DPN, being an integrated utility, is responsible for generation, transmission, and distribution of electricity in the State of Nagaland.

As per the NERC MYT Regulations, 2016 the licensee was required to submit the True-up Petition based on the Audited Accounts for the year by 30th November of the subsequent Financial Year. DPN submitted that it was unable to file the petition as the Annual Accounts for the year was not audited. Since, the Annual Accounts have now been finalised and audited, DPN has submitted the petition for True-up for the year 2021-22.

1.3. Admission of the Petition

The Commission observed that the petition filed by the petitioner was lacking crucial and vital information required as specified in Commission's Regulations on Terms and Conditions for Determination of Tariff.

DPN was asked to submit the required information vide letter/e-mail. Pending receipt of additional information, the ARR and Tariff Petition was admitted to avoid delay in processing of Petition.

DPN submitted the data gaps and additional information vide letter No. CEL/RMC/R-21/2343 dated 26th July, 2023

2. SUMMARY OF TRUE-UP PETITION

2.1. Aggregate Revenue Requirement (ARR)

The DPN in its True-up petition has submitted the Aggregate Revenue Requirement for the FY 2021-22. The ARR proposed for True-up for the FY 2021-22 are shown in Table below.

Table 2.1: Aggregate Revenue Requirement projected by DPN for FY 2021-22

| | | | Rs. Cr. |
|-----------|--|---|-----------------------|
| Sl. No. | Category | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 |
| 1 | Fuel Cost | 18.50 | 11.89 |
| 2 | Power Purchase Cost (including Transmission Charges) | 400.64 | 440.69 |
| 3 | Employee Cost | 134.71 | 153.80 |
| 4 | A&G Expenses | 3.88 | 2.83 |
| 5 | R&M Expenses | 35.50 | 15.69 |
| 6 | Depreciation | 146.74 | 63.31 |
| 7 | Interest & Finance Charges | - | - |
| 8 | Interest on Working Capital | 11.39 | - |
| 9 | Provision for Bad Debts | - | - |
| 10 | Return on Equity | - | - |
| 11 | Total Revenue Requirement | 751.35 | 688.21 |
| 12 | Less: Non-Tariff Income | 13.91 | 2.14 |
| 13 | Net Revenue Requirement | 737.44 | 686.07 |

2.2. Prayers of DPN

The DPN has prayed in its petition for the following:

- Examine the proposal submitted by the Petitioner for a favourable dispensation as detailed in the enclosed proposal;
- Consider the submissions and allow the True-Up for FY 2021-22.
- Condone any inadvertent delay/ omissions/ errors/ rounding off differences/ shortcoming and DPN may please be permitted to add/ change/ modify/ alter the petition;
- Pass such orders as the Commission may deem fit and proper, keeping in view the facts and circumstances of the case;

3. TRUE UP FOR THE FY 2021-22

3.1 Preamble

The Commission had approved the ARR and Tariff for the FY 2021-22 vide its Order dated 20.03.2020, based on the projected data submitted by the DPN. Now, the DPN has submitted proposals for True up for the FY 2021-22, duly furnishing the actuals for the year, as per the audited accounts.

The DPN has submitted the copy of the audited accounts for the FY 2021-22. The Commission has considered the actual audited data for the year for approving the True up for the year. This is discussed in the succeeding paragraphs.

3.2 Energy Demand (Sales)

The energy sales approved by the Commission, vide its Tariff Order for the FY 2021-22, the actual sales given by DPN, as per accounts with the True-up Petition for the year and now approved by the Commission, are summarised in the table below.

Table 3.1: Energy Sales approved by Commission

(In MUs)

| Sl. No. | Category | Approved in T.O. dated 20th March, 2020 | Claimed for Truing up of FY 2021-22 | Now approved by the Commission |
|---------|--------------------------|---|-------------------------------------|--------------------------------|
| 1 | Domestic including BPL | 410.74 | 309.12 | 309.12 |
| 2 | Commercial | 107.72 | 29.63 | 29.63 |
| 3 | Industrial | 68.95 | 11.15 | 11.15 |
| 4 | Public Lighting | 15.41 | 1.13 | 1.13 |
| 5 | Irrigation & Agriculture | 0.02 | 0.01 | 0.01 |
| 6 | Public Water Works | 12.64 | 0.07 | 0.07 |
| 7 | Bulk Supply | 107.24 | 94.32 | 94.32 |
| 8 | Total | 722.72 | 445.42 | 445.42 |
| 9 | Inter State | - | - | - |
| 10 | Outside state | - | 43.80 | 43.80 |
| 11 | Grand Total | 722.72 | 489.22 | 489.22 |

The Commission now approves energy sales as above for the year as per the actuals furnished by DPN.

3.3 Transmission and Distribution Losses (T&D Losses)

The Commission in its order for the FY 2021-22, had fixed the target of T&D Losses at 23.50% for the year. The DPN in its True-up Petition, has stated that the actual T&D Losses during the year is 48.86%.

Commission's Analysis:

The Commission has considered the total energy procured & input energy at the state periphery as per the power procurement statement/bills for the year & actual sales within the state for arriving at the losses. Further, the inter-state transmission loss (pool loss) for the FY 2021-22 has been considered at 8%. The T&D Loss approved for the year is as shown in table below. The detailed calculation is provided in the subsequent Paras.

Table 3.2: T&D Losses approved by Commission

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Claimed for Truing up of FY 2021-22 | Now approved by the Commission |
|---------|-----------------------|---|-------------------------------------|--------------------------------|
| 1 | Transmission Loss | 3.00% | 8.00% | 8.00% |
| 2 | Distribution Loss | 20.50% | 40.86% | 40.86% |
| 3 | T&D Losses | 23.50% | 48.86% | 48.86% |

The Commission accordingly approves T&D Losses as above for the FY 2021-22.

3.4 Energy Availability

3.4.1. Own Generation

The Own Generation approved by the Commission vide its Tariff Order for the FY 2021-22, the actual generation given by DPN with the True-up Petition for the year and now approved by the Commission, are summarised in the table below.

Table 3.3: Power Generation approved by Commission

| (In MUs) | | | | |
|----------|------------------|---|-------------------------------------|--------------------------------|
| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Claimed for Truing up of FY 2021-22 | Now approved by the Commission |
| 1 | Total Generation | 91.00 | 66.32 | 66.32 |
| 2 | Total | 91.00 | 66.32 | 66.32 |

The Commission now approves Own Generation of DPN during the year as per actuals furnished by DPN.

3.4.2. Power Purchase

The Commission in its Tariff Order for the FY 2021-22 had approved the power purchase from various CGSs & free power quantity. Now, the DPN has furnished actuals for the year in the True-up Petition as detailed in table below.

Table 3.4: Power Purchase approved by Commission

| (In MUs) | | | | |
|----------|--|---|-------------------------------------|--------------------------------|
| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Claimed for Truing up of FY 2021-22 | Now approved by the Commission |
| 1 | Energy Purchased from Eastern Region | 93.50 | 90.64 | 90.64 |
| 2 | Energy Purchased from North Eastern Region | 618.25 | 727.51 | 727.51 |
| 3 | Total | 711.75 | 818.15 | 818.15 |

The Commission approves power purchase including free power for the FY 2021-22 as in the above Table.

3.5 Energy Balance

The details of energy requirement and availability approved by the Commission in its Tariff Order for the FY 2021-22 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 3.5: Energy Balance approved by Commission

| Sl. No. | Category | Unit | Approved in T.O. dated 20th March, 2020 | Claimed for Truing up of FY 2021-22 | Now approved by the Commission |
|----------|---------------------------------|------------|---|-------------------------------------|--------------------------------|
| A | Energy Requirement | | | | |
| 1 | Energy Sales within State | MUs | 722.72 | 445.42 | 445.42 |
| 2 | Overall Distribution Losses (%) | % | 20.50% | 40.86% | 40.86% |
| 3 | Overall T & D Losses (MUs) | MUs | 186.37 | 307.80 | 307.80 |
| 4 | Total Energy Requirement | MUs | 909.09 | 753.22 | 753.22 |
| | | | | | |
| B | Energy Availability | | | | |
| 5 | Own Generation | MUs | 91.00 | 66.32 | 66.32 |

True-up Order for the FY 2021-22

| Sl. No. | Category | Unit | Approved in T.O. dated 20th March, 2020 | Claimed for Truing up of FY 2021-22 | Now approved by the Commission |
|---------|---|------------|---|-------------------------------------|--------------------------------|
| 6 | Energy Purchased from Eastern Region | MUs | 93.50 | 90.64 | 90.64 |
| 7 | Inter-State Transmission loss (ER) | % | 2.26% | 3.61% | 3.61% |
| 8 | Inter-State Transmission loss (ER) | MUs | 2.11 | 3.27 | 3.27 |
| 9 | Net Energy from Eastern Region (6-8) | MUs | 91.39 | 87.37 | 87.37 |
| 10 | Energy Purchased from North Eastern Region | MUs | 618.25 | 727.51 | 727.51 |
| 11 | Total Power Available in NER (9+10) | MUs | 709.64 | 814.88 | 814.88 |
| 12 | Inter-State Transmission loss (NER) | % | 2.66% | 5.15% | 5.15% |
| 13 | Inter-State Transmission loss (NER) | MUs | 18.88 | 42.01 | 42.01 |
| 14 | Net Power in NER (11-13) | MUs | 690.76 | 772.88 | 772.88 |
| 15 | Add: Short Term Power Purchase | MUs | 155.44 | 23.32 | 23.32 |
| 16 | Interstate Sale/ Energy Traded | MUs | 0.00 | 43.80 | 43.80 |
| 17 | Total Energy Available (5+14+15-16) | MUs | 937.20 | 818.72 | 818.72 |
| 18 | Intra-State Transmission Loss | % | 3.00% | 8.00% | 8.00% |
| 19 | Intra-State Transmission Loss | MUs | 28.12 | 65.50 | 65.50 |
| 20 | Net Power Available for Sale in Distribution (17-19) | MUs | 909.09 | 753.22 | 753.22 |
| 21 | Surplus (20-4) | MUs | - | - | - |

3.6 Fuel Cost

The details of fuel cost approved by the Commission in its Tariff Order for the FY 2021-22 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 3.6: Fuel Cost approved by Commission

(₹ in Crores)

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Actuals for FY 2021-22 | Now approved by the Commission |
|---------|--------------|---|------------------------|--------------------------------|
| 1 | Fuel Cost | 18.50 | 11.89 | 11.89 |
| 2 | Total | 18.50 | 11.89 | 11.89 |

The Commission approves the fuel cost for the FY 2021-22, as per actuals furnished by DPN.

3.7 Power Purchase Cost

The details of power purchase cost approved by the Commission in its Tariff Order for the FY 2021-22 and the actuals furnished by the DPN, and now approved by the Commission, are presented in table below:

Table 3.7: Power Purchase Cost approved by Commission

(₹ in Crores)

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Actuals for FY 2021-22 | Now approved by the Commission |
|---------|----------------------|---|------------------------|--------------------------------|
| 1 | Power Purchase Cost | 355.60 | 440.69 | 440.69 |
| 2 | Transmission Charges | 45.04 | | |
| 3 | Total | 400.64 | 440.69 | 440.69 |

The Commission now approves the power purchase cost for the FY 2021-22, as per actuals furnished by DPN.

3.8 Operation and Maintenance Expenses

Operation & Maintenance expenses comprise of the following heads of expenditure viz.

- Employee Expenses

- Administration & General Expenses
- Repair & Maintenance Expenses

Details of Employee Expenses, Administration & General Expenses and Repair & Maintenance Expenses are discussed in the subsequent paras.

3.8.1 Employee Cost

The Commission vide its Order for the FY 2021-22, had approved employee cost. The DPN has furnished actuals for the FY 2021-22 as per the audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 3.8: Employee Cost approved by Commission

(₹ in Crores)

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 | Now approved by the Commission |
|---------|---------------|---|-----------------------|--------------------------------|
| 1 | Employee Cost | 134.71 | 153.80 | 153.80 |
| 2 | Total | 134.71 | 153.80 | 153.80 |

The Commission approves the employee cost for the FY 2021-22 as per actuals furnished by DPN.

3.8.2 Administrative and General Expenses

The Commission vide its Order for the FY 2021-22 had approved A&G expenses for the year. The DPN has furnished actuals for FY 2021-22 as per audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 3.9: Administrative and General Expenses approved by Commission

(₹ in Crores)

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 | Now approved by the Commission |
|---------|--------------|---|-----------------------|--------------------------------|
| 1 | A&G Expenses | 3.88 | 2.83 | 2.83 |
| 2 | Total | 3.88 | 2.83 | 2.83 |

The Commission now approves the A&G Expenses for the FY 2021-22, as per actuals furnished by DPN.

3.8.3 Repair and Maintenance Expenses

The Commission vide its Order for the FY 2021-22 had approved Repair & Maintenance expenses for the year. The DPN has furnished actuals for FY 2021-22 as per audited accounts. The actual cost & the cost now approved by the Commission are given in the table below.

Table 3.10: Repair and Maintenance Expenses approved by Commission

(₹ in Crores)

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 | Now approved by the Commission |
|---------|--------------|---|-----------------------|--------------------------------|
| 1 | R&M Expenses | 35.50 | 15.69 | 15.69 |
| 2 | Total | 35.50 | 15.69 | 15.69 |

The Commission now approves the Repair & Maintenance Expenses for the FY 2021-22, as per actuals furnished by DPN.

3.8.4 Summary of O&M Expenditure approved by the Commission

The summary O&M Expenditure approved by the Commission is tabulated below:

Table 3.11: O&M Expenses approved by Commission

(₹ in Crores)

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 | Now approved by the Commission |
|---------|-------------------------------|---|-----------------------|--------------------------------|
| 1 | Employee Expenses | 134.71 | 153.80 | 153.80 |
| 2 | R&M Expenses | 35.50 | 15.69 | 15.69 |
| 3 | A&G Expenses | 3.88 | 2.83 | 2.83 |
| 4 | Total O&M Expenses | 174.09 | 172.32 | 172.32 |

3.9 Capital Expenditure & Capitalisation

The capital expenditure plan envisaged will also assist in reducing system losses. Capital investment and capitalisation during the FY 2021-22 as per audited accounts furnished by the DPN are shown in table below:

Table 3.12: Capital Works in Progress (CWIP)

(₹ in Crores)

| Sl. No. | Particulars | Actuals |
|---------|------------------------------------|---------|
| 1 | Opening balance of CWIP | 210.42 |
| 2 | Capital Investment during the year | 105.10 |
| 3 | Total (1+2) | 315.52 |
| 4 | Capitalisation during the year | 275.40 |
| 5 | Closing balance of CWIP (3-4) | 40.12 |

The Commission approves the capital investment & capitalization for the FY 2021-22 as detailed in the above Table.

3.10 Gross Fixed Assets (GFA) and Depreciation

The DPN in its True-up Petition for the FY 2021-22, has furnished the GFA for the year as detailed in table below:

Table 3.13: Gross Fixed Assets

(₹ in Crores)

| Sl. No. | Particulars | Actuals |
|---------|---------------------------|----------|
| 1 | Opening GFA | 1,430.06 |
| 2 | Additions during the year | 275.40 |
| 3 | Closing GFA (1+2+3) | 1,705.46 |

Commissions Analysis:

The Commission vide Tariff Order for the FY 2021-22 had approved Depreciation for the year. The DPN has furnished actual opening GFA, addition during the year and closing GFA. The DPN has also furnished depreciation for the year as per the audited annual accounts. The details are provided in the Table below.

Table 3.14: Depreciation approved by Commission

(₹ in Crores)

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 | Now approved by the Commission |
|---------|--------------|---|-----------------------|--------------------------------|
| 1 | Depreciation | 146.74 | 63.31 | 63.31 |
| 2 | Total | 146.74 | 63.31 | 63.31 |

The Commission now approves the Depreciation for the FY 2021-22, as per actuals furnished by DPN.

3.11 Interest and Finance Charges

DPN has submitted that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support without any external borrowings on part of the DPN. As such, the DPN has not claimed interest on loan for the year.

Accordingly, no Interest on Loan has been approved for the year.

3.12 Interest on Working Capital

DPN has submitted that the entire operating expenses of the Department is provided by the Government of Nagaland without any external borrowings toward working capital. Hence, DPN does not have any working capital loan. As such, the DPN has not claimed interest on Working Capital for the year.

Accordingly, no Interest on interest on Working Capital has been approved for the year.

3.13 Bad Debts

DPN has submitted that it has not written off any bad debt during the year, hence it has not claimed bad debt for the FY 2021-22.

Accordingly, no bad debt has been approved for the year.

3.14 Return on Equity

DPN submitted that that the entire capital employed has been funded through infusion of funds by Government of Nagaland through budgetary support. There is no paid up equity capital nor DPN is paying any return on

equity to the Government of Nagaland. In view of the above, the DPN has not claimed Return on Equity for the year.

Accordingly, no Return on Equity has been approved for the year.

3.15 Non-Tariff Income

The Commission vide its Tariff Order had approved Non-Tariff Income for the FY 2021-22. In the True-up Petition for the year, DPN has furnished actuals Non-Tariff Income. The details are provided in the Table below.

Table 3.15: Non-Tariff Income approved by Commission

(₹ in Crores)

| Sl. No. | Particulars | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 | Now approved by the Commission |
|---------|-------------------|---|-----------------------|--------------------------------|
| 1 | Non-Tariff Income | 13.91 | 2.14 | 2.14 |
| 2 | Total | 13.91 | 2.14 | 2.14 |

The Commission approves the Non-Tariff Income for the FY 2021-22, as per actuals furnished by DPN.

3.16 Revenue from Existing Tariff

Revenue from approved tariff approved by the Commission for the FY 2021-22 in the Tariff Order for the year and actuals furnished by the DPN and now approved by the Commission are furnished in the table below.

Table 3.16: Revenue from Sales approved by Commission

(₹ in Crores)

| Sl. No. | Category | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 | Now approved by the Commission |
|---------|----------------------------|---|-----------------------|--------------------------------|
| 1 | Revenue from sale of Power | - | 244.19 | 244.19 |
| 2 | Total | - | 244.19 | 244.19 |

The Commission approves the revenue from the tariff including revenue from outside sales for the FY 2021-22, as per the actuals furnished by DPN.

3.17 Aggregate Revenue Requirement (ARR)

The ARR for the FY 2021-22 approved by the Commission in its Tariff Order for the year, actuals furnished by the DPN and now approved by the Commission are furnished in the table below.

Table 3.17: Aggregate Revenue Requirement approved by Commission

(₹ in Crores)

| Sl. No. | Category | Approved in T.O. dated 20th March, 2020 | Actuals of FY 2021-22 | Now approved by the Commission |
|-----------|--|---|-----------------------|--------------------------------|
| 1 | Fuel Cost | 18.50 | 11.89 | 11.89 |
| 2 | Power Purchase Cost (including Transmission Charges) | 400.64 | 440.69 | 440.69 |
| 3 | Employee Cost | 134.71 | 153.80 | 153.80 |
| 4 | A&G Expenses | 3.88 | 2.83 | 2.83 |
| 5 | R&M Expenses | 35.50 | 15.69 | 15.69 |
| 6 | Depreciation | 146.74 | 63.31 | 63.31 |
| 7 | Interest & Finance Charges | - | - | - |
| 8 | Interest on Working Capital | 11.39 | - | - |
| 9 | Provision for Bad Debts | - | - | - |
| 10 | Return on Equity | - | - | - |
| 11 | Total Revenue Requirement | 751.35 | 688.21 | 688.21 |
| 12 | Less: Non-Tariff Income | 13.91 | 2.14 | 2.14 |
| 13 | Net Revenue Requirement | 737.44 | 686.07 | 686.07 |
| 14 | Revenue from Sale of Power | - | 244.19 | 244.19 |
| 15 | Revenue Subsidy received from Govt. | | 441.88 | 478.41 |
| 16 | Surplus/(Gap) during the year | - | - | 36.54 |

DPN has submitted that the Gap between the Annual Revenue Requirement & Revenue from tariff is funded through Revenue Subsidy by the Government of Nagaland and accordingly, it has claimed Rs. 441.88 Cr. towards the same.

However, it is observed from the audited accounts that the DPN has received Rs. 478.41 Cr. towards Revenue Subsidy from the Govt. of Nagaland during FY 2021-22. Therefore, the Commission has considered the same for computing the Revenue Gap/(Surplus) of the FY 2021-22.

Accordingly, Surplus for the FY 2021-22 has been approved as Rs. 36.54 Cr.

By Order of the Commission.

Place: Kohima.

Dated the 4th August, 2023

Sd/-
Chairman -cum-Member
NERC, Kohima