

Electricity scam in Delhi

Electricity was privatized in Delhi in the year 2002. Distribution losses (including theft of electricity etc) were very high at that time at 55%. Government claimed that with privatization, these losses would be reduced and when these gains would be passed on to the consumers, the electricity tariff would come down.

Since then, the distribution losses have actually come down from 55% to 15%. Where did these gains go? Rather than being transferred to Delhi citizens, the entire gains have been cornered by the electricity companies.

The electricity prices, rather than being reduced, have more than doubled in the last three years itself.

Delhi Electricity regulatory Commission (DERC) decides electricity rates in Delhi. Till 2010, Brijender Singh was the DERC Chairperson. He was known to be honest.

Brijender Singh drafted an order in April 2010 in which he concluded that the DISCOMs were making huge profits and that the electricity tariffs in Delhi should be reduced by 23% rather than increased. The power companies had projected Rs 630 crores of losses for the year 2010-11 and they wanted electricity tariffs to be increased to recover that. However, Brijender Singh concluded that they would make profits of Rs 3577 crores, which if passed on to the consumers would result in 23% reduction in tariff. Brijender Singh went to the extent of saying (Annexure 1):

“The reduction in tariff is likely to be sustained in the future years as well, since the energy availability from new power plants is going to increase substantially. The quantum of surplus energy available for sale is likely to be significantly higher

than the available quantum during FY 2010-11. This will make available a substantial surplus in the hands of the petitioner. Therefore, the reduction in tariff is appropriate not only for FY 2010-11 but is most likely to continue (or get reduced further) in subsequent years."

The electricity companies went running to Sheila Dikshit. Sheila immediately came to their rescue. Brijender Singh was supposed to issue the order on 5 May 2010. Delhi Government wrote a letter to Brijender Singh on 4 May 2010 and stopped him from issuing his order. Copy of letter is attached at **Annexure 2**.

What was Sheila Dikshit's interest in stopping that order? And that too just a few hours before the order was to be passed?

Sheila Dikshit's intervention was challenged by Prashant Bhushan in Delhi High Court. Delhi High Court came down very heavily on Sheila Dikshit and directed her not to intervene in future. Since by then, more than a year had passed, it directed DERC to pass a fresh order.

Unfortunately, Brijender Singh had retired by then. **Now, Sheila put her own man as DERC Chairperson so that Brijender Singh episode was not repeated. Sheila Dikshit brought in Sudhakar as the new Chairperson of DERC.** He immediately obliged and increased tariffs by 22% in 2011 and by 32% next year.

The above two actions of Sheila Dikshit completely changed the tariff scenario in Delhi.

Frauds committed by power companies, repeatedly ignored by Sudhakar:

Accounts of the two Anil Ambani group companies, namely BSES Yamuna and BSES Rajdhani, are fudged and unreliable. Whereas Brijender Singh used to take action against these companies, Sudhakar started turning a blind eye on them.

Instances from Brijender Singh's period:

1. In the year 2008-09, the electricity consumption of Delhi Jal Board and Delhi Airport were shown to be NIL. See **Annexure 3**. This was done to decrease revenue and increase losses. They were caught by Brijender Singh and in subsequent years, they stopped doing this.
2. **Purchase of equipment at higher prices and fraud billing:** Between 2004 to 2006, Anil Ambani companies have shown that they purchased equipment worth Rs 1428 crores from their sister company Reliance Energy Ltd (REL). When Brijender Singh asked Anil Ambani DISCOMs to produce the records of REL to see the price at which REL had purchased, they refused to do so saying that it was a different company and they did not have an access to their records, whereas the Directors of these companies are almost the same. Then Brijender Singh checked the VAT records of REL from VAT department of Delhi Government and found that REL had purchased these equipment at Rs 850 crores. Why couldn't DISCOMs directly purchase this equipment at that price? It means that DISCOMs had artificially increased their expenses. Brijender Singh immediately took action against the companies. Extracts from Brijender Singh's report are attached at **Annexure 4**.

Instances from Sudhakar's period:

3. Sudhakar found that the two Anil Ambani companies were showing Zero bills for a number of consumers. A test check found that these consumers had

actually consumed electricity and paid bills. But in the accounts presented before the Commission, they were shown to have Zero Bills. Sudhakar test checked roughly 1% entries of the total consumers and detected that 10% of the test checked entries were shown to have zero bills. If such huge fraud was detected, Sudhakar should have either ordered checking of all entries or assumed that 10% of DISCOMs entire records were wrong. He did not do either of them. This was a clear case of fraud and cheating. Sudhakar should have registered FIR against these companies. He did not do that also. See **Annexure 5**.

4. Till Brijender Singh's time, the companies were showing consistent decrease in distribution losses. From 55%, the losses came down to 15%. However, suddenly in Sudhakar's time, the companies started showing substantial increase in losses. Pl see **Annexure 6**, which shows that the in Alaknanda circle, distribution losses decreased during Brijender Singh's period from 16.9% in 2007-08 to 6.29% in 2008-09 to 1.36% in 2009-2010. However, during Sudhakar's time, the losses suddenly increased to 8.87% next year. For Nangloi circle, losses increased from 10.97% in 2009-2010 to 19.34% next year. Out of 21 circles in BSES Rajdhani area, losses increased in 18 circles. Sudhakar did not even question it and accepted the fudged figures presented by Anil Ambani companies. Obviously losses cannot suddenly start increasing in all circles. This shows that Anil Ambani companies are taking huge amounts of revenues out of the books and are showing artificial losses to DERC.

**Profits from Sale of surplus power – passed on to consumers by Brijender,
converted into losses by Sudhakar**

DISCOMs had surplus power, which they were selling in market at high prices and making huge profits thereupon. Brijender Singh found that the DISCOMs were not showing the entire surplus power and they were showing the sale of surplus power at low rates. Therefore, he approved the following for FY 2010-11:

DISCOM	Surplus power available (crore unit)	Approved rate by DERC for sale (Rs)	Revenue generated from sale of surplus power (Rs crores)	Net Surplus (Rs crores)
BSES Yamuna	580.00	5.75	3335.45	977.99
BSES Rajdhani	896.717	5.75	5156.12	1027.48
NDPL	643.611	5.75	3700.77	1572.44
Total	2120.328	5.75	12192.34	<u>3577.91</u>

This surplus revenue of Rs 3577 crores if passed on to the consumers would reduce tariffs by 23%.

Sudhakar's role:

However, Sudhakar came and reversed the above. Without doing any verifications, he accepted whatever DISCOMs presented before him:

- DISCOMs claimed that the surplus power available was much less than what Brijender Singh had projected because some new power plants could not start on time. However, DISCOMs were lying before Sudhakar. According to the

annual report of Central electricity Authority (CEA), most of these plants have already started (**Annexure 7**). However, Sudhakar, without verification, readily accepted DISCOMs' argument and reduced the quantum of surplus power available.

- DISCOMs also pleaded before Sudhakar that the sale price of surplus power prescribed by Brijender Singh i.e. Rs 5.75 per unit was very high. Then the question arises - at what price did these companies actually sell surplus power? Companies did not produce any records. The companies said that all transactions took place verbally. Sudhakar accepted that. He observes in his order (**Annexure 8**) –

"The petitioner submitted that it had sold short term power through bilateral arrangements on the basis of request for offers from traders (through verbal communication), without following tender process."

- Anil Ambani companies created artificial losses by buying power at high rates and selling it at much lower rate to its sister concern Reliance energy Trading Ltd (RETL). For instance, in 2010-2011, BYPL purchased 405.3 million units of power from RETL at Rs 2.72 per unit and sold 350.07 million units of power to RETL at Rs 1.48 per unit, thus creating an artificial loss of Rs 58.66 crores. Sudhakar closed his eyes to this entire scam. See **Annexure 9**.

Therefore, the huge profits projected by Brijender Singh were converted into losses and tariffs increased substantially by Sudhakar.

CAG Audit

The above facts show that accounts presented by DISCOMs are fudged. They should be audited by CAG. Tariffs should not be increased in Delhi without CAG audit. DERC and CAG have been demanding for a long time that their accounts should be audited by CAG. However, Sheila Dikshit's permission is required for that and she is not giving permission.

Impact of DISCOM's misdeeds on power tariff in Delhi:

1. Suppose your electricity bill was Rs 100 in January 2010. In May 2010, Brijender Singh concluded that your bill should be reduced by 23%. So, from June 2010, your monthly electricity Bill should have become Rs 77 per month. Brijender Singh also concluded that this reduction would not only be sustained but also further reduced in the coming years.
2. Sheila Dikshit stopped Brijender Singh's order and you continued to pay Rs 100 per month in 2010.
3. In 2011, Sudhakar increased your tariff by 22%. So, from September 2011, you started paying Rs 122 per month.
4. In 2012, Sudhakar further increased tariff by 32%. So, from July 2012, you started paying Rs 161 per month.
5. According to Brijender Singh, you should have been paying much less than Rs 77 per month whereas you are paying Rs 161 today. This means you are paying two times the electricity bill, what you should have been paying.

In different slab rates, it translates as follows:

Monthly power	How much should	How much are you	Excess amount
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consumption	be your 2 month's bill as per Brijender Singh? (Rs)	actually paying today? (Rs)	that you have paid to DISCOMs till now (Rs)
200 units	503	1505	7,910
400 units	2205	4400	19,493

Demands:

1. Brijender Singh's tariff order for the year 2010-11 should be implemented and electricity tariff should be immediately reduced to half.
2. Tariff orders passed by Sudhakar for the years 2011-12 and 2012-13 should be scrapped.
3. The excess money charged from consumers in the last three years should be refunded to them.
4. Performance and financial audit of DISCOMs should be done by CAG. Before such audit, tariff should not be increased in Delhi. And if the DISCOMS do not cooperate with CAG, their licenses should be cancelled.
5. FIR should be registered against those DISCOMs who have fudged their records.
6. DERC Chairperson should be selected and appointed through a more transparent and participatory process.

BSES Rajdhani Power Limited

Tariff Order for FY 2010-11

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Opening level of Gap	-158.50	-116.63	-32.46	128.13
Revenue Requirement for the year	1371.01	1615.92	1895.62	1299.46
Revenue at existing tariffs	1424.73	1706.62	2052.09	2198.81
Surplus/ (Gap) for the year	53.72	90.59	156.47	899.35
Surplus utilized towards amortization of Gap	53.72	90.59	32.46	0.00
Closing level of (Gap)/Surplus	-104.78	-26.04	124.01	1027.48
Carrying Cost for the year (at 9%)	-11.85	-6.42	4.12	0.00
Net (Gap)/ Surplus	-116.63	-32.46	128.13	1027.48

Table 100: Revenue (Gap)/ Surplus of NDPL at Existing Tariffs (Rs. Cr)

Particulars	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11
Opening level of Gap	-154.59	-360.49	-441.26	-207.90
Revenue Requirement for the year	2353.79	2305.10	2410.05	1485.76
Revenue at existing tariffs	2170.07	2258.18	2671.37	2671.65
Surplus/ (Gap) for the year	-183.72	-46.24	261.31	1185.89
Surplus utilized towards amortization of Gap		-46.24	261.31	207.90
Closing level of (Gap)/Surplus	-338.31	-406.73	-179.95	977.99
Carrying Cost for the year (at 9%)	-22.18	-34.52	-27.95	0.00
Net (Gap)/ Surplus	-360.49	-441.26	-207.90	977.99

Treatment of Revenue Surplus

- 5.11 Keeping in view the significant surplus available with all three DISCOMs, the Commission has decided to reduce the tariff for all consumer categories.
- 5.12 The reduction in tariff is likely to be sustained in the future years as well, since the energy availability from new power plants is going to increase substantially. The quantum of surplus energy available for sale is likely to be significantly higher than the available quantum during FY 2010-11. This will make available a substantial surplus in the hands of the Petitioner. Therefore, the reduction in tariff is appropriate not only for FY 2010-11 but is most likely to continue (or get reduced further) in subsequent years. fms
- 5.13 During the process of true up for FY 2008-09 and determination of ARR for FY 2009-10, the Commission solicited stakeholder's comments and suggestion on the issue of whether to continue with the separate tariff category for DIAL and DJB vide the Public Notice dated 17 and 18 January, 2010.
- 5.14 Majority of the stakeholders submitted that there should be no separate tariff category for DIAL. The Commission therefore, has decided to abolish the new slab created for DIAL in the tariff order for FY 2009-10 and now DIAL will be charged the tariff applicable to the Non Domestic category. The Commission has also abolished DJB and Public Lighting categories and they will also be charged tariff applicable to Non Domestic Category in this Tariff Order.

Annexure 2

GOVERNMENT OF N.C.T. OF DELHI
DEPARTMENT OF POWER

8th Level, B-Wing, Delhi Secretariat New Delhi – 110 002
Telephone: 011-23392047, 23231748 & 23215198 Fax 011-23392153 & 23234640

Dated: 04th ^{May} ~~April~~ 2010

11(23)/2010/power/1192

The Secretary,
Delhi Electricity Regulatory Commission,
Viniyamak Bhawan,
Shivalik, Malviya Nagar,
New Delhi – 110 017

Sir,

Through separate representations to the Government, the three distribution companies, i.e. BRPL, NDPL and BYPL have raised the issue of severe cash flow constraints affecting their ability to purchase power in 2010-11. A copy of this representation is enclosed. They have broadly drawn the attention of the Government on the following issues

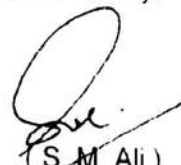
- 1 Ability to supply power contingent on Cost Reflective Tariff.
- 2 Precarious Financial Position of Discoms
- 3 Accumulation of revenue gaps beyond sustainable levels
- 4 Continuation of the practice of assuming higher surplus for tariff fixation.
- 5 Power purchase cost/quantum.
- 6 Continuous recourse to additional debt to finance operations, and
- 7 Critical need to additional financing.

The issues raised by the Discoms are very serious and needs to be examined thoroughly so that the sustainable model of tariff setting as prescribed under section 61 and 62 of the Electricity Act is not jeopardised. Further, the national Tariff Policy at clause No.5.3(h)-4 has prescribed that uncontrollable costs should be recovered speedily to ensure that the future consumers are not burdened with the past costs. It is felt that non-true-up of the account of the year 2009-2010 where quantum of uncontrollable costs were very high would mean that future consumers would be burdened with the interest cost of the year 2009-2010 which goes against the above quoted clause of National Tariff Policy

As the issues raised by the Distribution Companies as well as the issue of burdening future consumers with past liabilities are issues which are very serious in nature the Government in exercise of its power under section 86 (2) (iv) directs the DERC to give statutory advise and clarification to the Government on the issue raised by the Distribution companies in the enclosed representations as well as on the issues covered under clause 5.3(h)-4 of the National Tariff Policy. The Government further directs under section 108 of the Electricity Act, 2003 that the Delhi Electricity Regulatory Commission will not issue the tariff order till the statutory advice given by the Commission as asked for, is thoroughly examined by the Government and the Government gives a go ahead for passing of tariff orders.

Encl: As above.

Yours faithfully,



(S. M. Ali)
Joint Secy. (Power)

Annexure 3

207

Form 102
 Revenue (Actual)

Particulars	Consumers (Nos.)	Connected Load (MW)	Sans (MVA)	Variable Charges (Rs./Wh)	Fixed Charges (Rs./Wh)	Revenue from Variable Charges (Rs. Cr.)	Other Charges (Rs. Cr.)	Electricity Tax (Rs. Cr.)	Total Revenue (Rs. Cr.)
1 Industrial Power (SIP)	14,138	389	636	400	1,440	292	(0)	14	339
2 Small Industrial Power (SIP) Up to 100 KW	13,880	289	440	50	505	221	(0)	10	229
3 Industrial Power (SIP) on 11 KV Supply Point for Group of SIP Consumers	278	90	197	350	15	91	(0)	5	110
4 Large Industrial Power > 100 KW Supply on 11 KV and above	135	70	144	150	435	64	(0)	3	76
5 Supply on LT (400 Volts)	143	21	53	200	5	27	(0)	1	34
6 Agriculture	4,468	18	24	12	185	4	(0)	0	4
7 Greenhouses Cultivation	17	0	24	305	0	0	(0)	0	0
8 Public Lighting	1	0	130	0	0	58	(0)	0	58
9 Street Lighting	1	0	130	0	0	56	(0)	0	56
10 Signals, Banners	0	0	0	0	0	0	(0)	0	0
11 Railway Traction (Other than DMRC)	1	13	23	150	380	9	(0)	0	11
12 DMRC	2	14	73	150	600	22	(0)	1	24
13 DMRC (64 KV)	2	14	73	75	300	22	(0)	1	24
14 Temporary Supply	0	0	0	0	0	0	(0)	0	0
15 For less than 16 days	0	0	0	0	0	0	(0)	0	0
16 For more than or equal to 16 days	0	0	0	0	0	0	(0)	0	0
17 For residential cooperative group housing constructions	0	0	0	0	0	0	(0)	0	0
18 For religious functions of traditional and established character and cultural activities	0	0	0	0	0	0	(0)	0	0
19 For major construction projects	0	0	0	0	0	0	(0)	0	0
20 For Freshers	0	0	0	0	0	0	(0)	0	0
21 During the breathing season for 30 days	0	0	0	0	0	0	(0)	0	0
22 For extended period	0	0	0	0	0	0	(0)	0	0
23 Entertainment	0	0	132	0	0	68	(0)	2	60
24 Own Consumption	0	0	0	0	0	0	(0)	0	0
25 Others	6,111	28	62	0	0	11	(0)	1	11
26 11 KV - Workshop	13	13	17	0	0	6	(0)	0	6
27 11 KV - Workshop	13	13	17	0	0	3	(0)	0	3
28 SHAL	0	0	0	0	0	0	(0)	0	0
29 DAP	0	0	0	0	0	0	(0)	0	0
TOTAL	1,254,848	4,781	7,014	255	3,855	(84)	156	3,233	

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12



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Annexure 4

Findings of the Commission regarding purchases made by BSES Rajdhani Power Ltd. (BRPL) and BSES Yamuna Power Ltd.(BYPL) from Group Company - Reliance Energy Ltd.(REL).

1. BSES Rajdhani Power Ltd. (BRPL) and BSES Yamuna Power Ltd. (BYPL) are engaged in Distribution of Electricity at Delhi. These are group companies of Reliance Energy Ltd. (REL) formerly BSES Ltd. During the years 04-05 and 05-06, both BRPL & BYPL made extensive purchases of capital goods from REL at rates considered exorbitant by the Commission, resulting in transfer of substantial funds from these companies to REL by way of profit on sale of the capital goods. The purchases of these materials made by the two companies from REL during 2004-05, as per the trading account of REL, EPC Division (copy already furnished to the two companies), were as under:-

Year	BRPL	BYPL
04-05	868.69	364.87

(In Rupees crores)

The purchases of such goods made from REL in 05-06, as per the details furnished by BRPL & BYPL, were as under:

Year	BRPL	BYPL
05-06	103	92

(In Rupees & crores)

In addition, the two companies paid the following amounts to REL for services rendered for installation, erection and commissioning of the capital equipment purchased from REL in 2004-05 and 2005-06, as per information furnished by these two companies:-

Year	BRPL	BYPL
04-05	-Nil-	-Nil-
05-06	178	76

(In Rupees crores)

2. For the year 04-05, the companies purchased capital goods from REL for Rs.1233.56 crore in respect of which the purchase price of REL was only Rs.731.60 crore (opening stock + purchases – closing stock as per the Trading Account of REL, EPC division) giving a profit of Rs.501.96 crore. In other words, REL sold the capital goods to BRPL & BYPL at a price 68% higher than their purchase price. The purchases from REL by the two companies during 05-06 are less but the position of percentage of profit passed on to REL would be about the same as for 2004-05 as the purchases were made at about the same rates.
3. The profit passed on by the two companies to their group company namely REL being clearly excessive, the Commission vide letter dated 02.06.2006 directed the Distribution Companies at Delhi to take prior approval of the Commission for any financial transaction in respect of capital goods, with their group companies exceeding Rs.1 crore. Also, vide letter dated 30.6.2006, the three distribution companies at Delhi namely BRPL, BYPL & North Delhi Power Ltd. (NDPL) were required as under:-

purchases of Rs.1428 crore (869 + 364 + 103 + 92) made by the two BSES companies from REL, only an estimate can be made.

27. In the year 04-05 only capital expenditure of Rs.25 crore is estimated to have been incurred by the two BSES Companies out of the purchases made from REL in 2004-05 in schemes completed and put to use in that year in view of the submissions of these companies mentioned in paras 12 & 15 above. For the years 2005-06 & 2006-07, 85% of the 'asset capitalization', mentioned in the tables in para-25 above, is estimated to be out of the capital goods purchased from REL in 2004-05 & 2005-06. It may be mentioned that in 2004-05 & 2005-06, the capital goods purchased from REL by the two BSES companies were about 85% of the total purchase of capital goods.
28. For the year 2007-08, 50% of the 'asset capitalisation', mentioned in the tables in para 25 above, is estimated to be out of the above mentioned capital goods purchased from REL and the balance, if any, is considered in 2008-09.
29. Accordingly, the amounts included in the 'asset capitalization', mentioned in the tables in para-25 above for different years, in respect of the above mentioned Rs.1428 crore (Rs.972 crore for BRPL and Rs.456 crore for BYPL), would be as under:

Year	04-05	05-06	06-07	07-08	08-09	Total
BRPL	8	164.05	183.6	325	291.35	972
BYPL	17	109.65	175.95	153.4	-	456
Total						1428
<i>(All figures in Rs. Crores)</i>						

30. Full claim of BRPL & BYPL regarding capitalization of these goods purchased from REL cannot be allowed as mentioned above and is required to be restricted by allowing only reasonable profit to be passed on to REL. In these kind of transactions, profit margin of 5% is considered reasonable as a wholesaler's margin is almost never more than this in large transactions of this kind where the middleman has only booked the order. In fact, it is usually only 2-3%. The cost of these goods to REL would be Rs.850 crores calculating the same on the basis that goods costing Rs.731 crore were sold by REL to BRPL & BYPL for Rs.1233 crore in 2004-05. 5% of Rs.850 crore would be Rs.42.5 crore. At best, this is the profit margin which can be allowed to REL for large transactions of this kind with group companies BRPL & BYPL.
31. Thus out of the profit of about Rs.578 crore (1428-850) passed on to REL, only profit of Rs.42.5 crore can be allowed and the remaining Rs.535 crore (578-42.5) is not allowed either for capital expenditure or asset capitalization. Of course, the disallowance in respect of the Rs.535 crore is made in different years with reference to the capital expenditure and asset capitalization in respect of the sum of Rs.1428 crore mentioned above.
32. Yearwise & Company wise bifurcation of the disallowance of Rs.535 crore, in proportion to the amounts considered by the Commission for 'asset capitalization' in different years in respect of the Rs.1428 crore, as mentioned in the table in para 29 above, would be as under:

Year	04-05	05-06	06-07	07-08	08-09
BRPL	3	61.46	68.79	121.76	109.15
BYPL	6.37	41.08	65.92	57.47	

Annexure 5

BSES Rajdhani Power Limited

True Up for FY 2010-11 & Multi Year Tariff
Order for FY 2012-13 to FY 2014-15

Category	Month	Energy Charges Approved by the Commission (Rs/Unit)	Database of the Petitioner	Average Energy Charge as per Form 2.1 (a) submitted by the Petitioner (Rs/Unit)
Agriculture	November 2010	1.55	EBS	1.46
Agriculture	January 2011	1.55	EBS	1.28
Agriculture	February 2011	1.55	EBS	0.64
Mushroom	February 2011	3.05	EBS	0.02
Mushroom	March 2011	3.05	EBS	1.51
Agriculture	March 2011	1.55	SAP	1.29
Large Industrial Power (Supply at 400 kV)	May 2010	5.00	SAP	4.85

- 3.19 It was observed that for many of the consumer categories in a few months the average energy charge was much lower than that approved by the Commission. Hence, the Commission asked the Petitioner to come for a detailed validation exercise.
- 3.20 The Commission had scheduled validation session for 2.1 (a) of BRPL in afternoon of April 17, 2012, as it had scheduled the validation session for 2.1 (a) for BYPL in the morning session. In validation session with BYPL, the Commission observed cases where energy was billed at 'zero rate' and asked for explanation, which could not be furnished by BYPL. BRPL did not turn up for its validation session scheduled in afternoon and finally came for validation session in afternoon of April 18, 2011.
- 3.21 The Commission, in validation session dated April 18, 2012, directed the Petitioner to first download the consumer-wise billing record for the month of March 2011 from their SAP database for the NDLT consumers where connected load is more than 10 kW. The Commission observed that in the data extracted total energy sale to these consumers was 12.16 MU which was lower by 9.6 MU vis-à-vis that shown in Form 2.1 (a) (81.76 MU in Form 2.1 (a)) submitted by the Petitioner. During the session, there were no cases where energy was billed at zero rate. However, it was observed that approximately 10% of the consumers were having no consumption and they were just being billed fixed charges.
- 3.22 The Commission directed the Petitioner to repeat the above exercise for the month of March 2011 for the SIP consumers where connected load is more than 10 kW. The Commission observed that in the data extracted there were 4 cases (7.1 MU) where energy was billed at 'zero rate'. Further, total energy sold to SIP consumers was 34.84 MU which was lower by 4 MU vis-à-vis the total sales figure in Form 2.1 (a) (38.84 MU) for March 2011 submitted by the Petitioner. It was also observed that approximately 7% of the consumers were having no consumption and they were just being billed fixed charges.
- 3.23 The Commission further directed the Petitioner to repeat the exercise for February 2011 for the SIP consumers where connected load is more than 10 kW. The Commission observed that in the data extracted there were no cases where energy was billed at 'zero rate'. However, total energy sold to SIP consumers was 35.62 MU which is lower by 4.7 MU than 40.32 MU shown in Form 2.1 (a) submitted by the Petitioner. The Commission asked Petitioner's officials for explanation of the variation: however they could not provide any explanation. The Commission also



- noticed that an abnormally high number of consumers were being billed only fixed charges (i.e. no energy charge was billed as no consumption was recorded in the billing database).
- 3.24 The information downloaded from the SAP database for SIP / NDLT consumers for February and March 2011 were at large variance (more than 10%) vis-à-vis their earlier submissions. The Commission asked the Petitioner's officials to come prepared with explanations for the same for the next validation session on April 23, 2012.
- 3.25 The Petitioner's officials submitted the following explanation on April 23, 2012 before the start of the validation session:
- (a) The billing database is dynamic, that is why number of consumers and sales have changed
 - (b) For zero consumption, it was submitted that either these premises were locked or these were seasonal industries.
- 3.26 The Commission felt that the explanation provided by the Petitioner was not very convincing as the variations were very high and the number of cases where no energy was billed was also significant.
- 3.27 The Commission, in the validation session on April 23, 2012, again directed the Petitioner to download the consumer-wise billing record for March 2011 for the NDLT consumers where connected load is more than 10 kW. **The Commission observed total energy sold to these consumers was 92 MU. Now the sales were 11 MU higher than as submitted in Form 2.1 (a) as against lower by 9.6 MU in the validation session dated April 18, 2012.** The Commission also compared the consumer record-wise data download on April 18 and April 23. The Commission observed that there were records of several consumers which were present in data downloaded on April 23 which were not there in data downloaded on April 18 and other way around. It was decided to give one more opportunity to the Petitioner to explain the discrepancies.
- 3.28 The Petitioner submitted letter dated April 27, 2012 to the Commission, where it has given following explanation:
- (a) Downloaded data did not match as the downloaded data analysed was summation of kWh and kVah of all consumers instead of kWh.
 - (b) The consumers with billing at zero rate pointed out by the Commission were also pointed out by the internal audit report of the Petitioner. All these cases were amended in FY 2011-12.
 - (c) The Petitioner also submitted, vide the same letter, list of all cases where energy was billed at zero rate (other than own consumption). **The Petitioner has submitted that it had billed 28.91 MU in Feb 2011 and 29.41 MU in March 2011 at zero rate in SAP database.** The Petitioner submitted there was no

other zero billing case during the FY 2010-11. The Petitioner has also submitted that all these bills were reversed in Feb 2012. The Petitioner also submitted consumer-wise billing detail of SAP database (excluding domestic consumer) also.

- 3.29 The Commission did not accept the Petitioner's submission as the addition of the correct sales figures (kWh & kVAh) were done in the validation session dated April 23, 2011 by Petitioner's officials themselves and not by the Commission.
- 3.30 With reference to the submission of the Petitioner on billing at 'zero rate', during the initial validation session, only 4 zero billing cases during month of Feb 2011 and Mar 2011 were observed by the Commission, however, the details submitted by the Petitioner in the letter dated April 27, 2012 were 58.32 MU.
- 3.31 The Commission noticed inconsistency and changes in the various data submitted by the Petitioner and informed the Petitioner's officials about concerns the Commission had with respect to the information being provided by the Petitioner.
- 3.32 The subsequent validation sessions were held on May 2, 2012 and May 3, 2012. The Commission again directed the Petitioner download the consumer-wise billing record for **March 2011 and February 2011** (on the respective dates) for the NDLT and SIP consumers where connected load is more than 10 kW and less than 100 kW from the SAP database. The Commission observed that total energy sold to these consumers now downloaded matched with the information provided in Form 2.1 (a). **This was contrary to the explanation given by the Petitioner's officials in the validation session dated April 23, 2012, where they submitted that billing database is dynamic and that is why number of consumers and energy sales has changed.** The Commission also analysed the per unit rate for energy charges (revenue billed on account of energy charges excluding fixed charges divided by energy billed) and observed that now some consumers were billed at 'zero rate' and for some consumers billing rate was lower than the Commission approved tariff. The Commission therefore gave a list of sample cases to BRPL where billing rate was lower than the Commission approved tariff and directed them to furnish an explanation.
- 3.33 Further, during the same session, the Commission directed the Petitioner to download the data for Domestic consumers from **SAP database** for month of **March 2011**. The Commission observed from the downloaded data that there were 19 cases where consumption was more than 10000 units. The Commission directed the Petitioner to provide explanation of the same.
- 3.34 The Commission directed the Petitioner to download consumer-wise detail for NDLT consumers where connected load is less than 10 kW, Mushroom category and Agriculture category from **EBS database** for the month of **February 2011**. The Commission observed that in all these cases there were huge variations vis-a-vis sales submitted in Form 2.1 (a). The Petitioner's officials could not provide any explanation and submitted that it such variations might be happening because of failure in downloading some adjustments while downloading the details from EBS database. The Commission directed the Petitioner to submit consumer-wise billing details from EBS.

- 3.35 The validation session continued on May 7, 2012. The Commission directed the Petitioner to download the data for SIP, consumers from EBS database for month of Sep 2010. The Commission observed that in all these cases there were huge variations vis-à-vis sales submitted in Form 2.1 (a). The Petitioner's officials could not provide any explanation and submitted that such variations might be happening because of failure in downloading some adjustments while downloading the details from EBS database. The Commission analysed the per unit rate for energy charges (revenue billed on account of energy charges excluding fixed charges divided by energy billed) and observed that for some consumers billing rate was lower than the Commission approved tariff. The Commission directed the Petitioner to provide explanation for the same.
- 3.36 The Commission also directed the Petitioner to submit consumer-wise billing details for all months in SAP and EBS database. The Petitioner submitted to the Commission consumer-wise billing details all consumers of EBS and domestic consumers from SAP database. The Petitioner also mentioned that they have submitted list of cases where billing has been done at a different rate than approved rate and have given explanation for each case. However, the Commission found out that no such explanation has been given in the data provided by the Petitioner and informed their officials of the same.
- 3.37 It was also observed that the majority of the consumers for the Petitioner are billed through EBS database and the number of billing records is huge (approx one crore) for FY 2010-11. The Commission analysed the consumer-wise billing details submitted by the Petitioner on sample basis and found several discrepancies in EBS database also; i.e. there were cases where energy was billed at 'zero rate', cases where energy was being billed at 'lower rate' than approved tariff, cases where consumers were being refunded in the bills (in monetary terms) with no mention of refund in units etc. Further, the explanation submitted by BRPL vide letter dated May 11, 2012 for all the above made observations were not exhaustive in terms of covering all consumer cases pointed out by the Commission in the validation sessions mentioned above.
- 3.38 The next validation session was conducted on May 23, 2012. During the meeting, the Commission pointed out its observations to the Petitioner's officials with respect to analysis of the consumer-wise billing details of EBS database. The Petitioner's officials, who had submitted, up to then, that there were no case of 'zero rate' billing in the EBS database changed their submission during that session and admitted to the Commission that 3 MU has been billed at 'zero rate' in the EBS database. However, the Commission was able to show them that their submission of 3 MU of 'zero rate' billing for the entire year FY 2010-11 was again not correctly assessed as this amount is only a part of the entire database; as per the Commission's analysis around 10 MU of energy was billed at 'zero rate'. The Commission also inquired from the Petitioner's officials about the cases where huge refunds were given to the consumers but energy amount had not been adjusted.
- 3.39 Further, the Commission agreed to share a part of this analysis with the Petitioner (a sample of approximately 10000 cases identified). The Petitioner's officials agreed that they will analyse these cases (category-wise) appearing in the list and provide

- explanation within 24 hours. The Commission sent across the list to the Petitioner's officials on May 23, 2012. However, the Commission did not receive any response from the Petitioner till June 1, 2012.
- 3.40 The Petitioner vide its letter dated June 1, 2012 submitted that it has not received list of consumers from the Commission's side. The Commission again sent across the copy of e-mail through which the Commission had sent the list of consumers to the Petitioner. The Petitioner vide its letter dated June 13, 2012 informed the Commission that list of consumer was sent by the Commission on a wrong e-mail id. The Commission again sent the list of consumer to the Petitioner vide email dated June 13, 2012.
- 3.41 The Petitioner vide its letter dated June 18, 2012 submitted its analysis on a selected 473 cases against approximately 10000 cases selected by the Commission. The Commission observed that the explanation provided by the Petitioner were not satisfactory and were provided without any backup data. The Petitioner has also not provided explanation for most of the cases. The Commission therefore rejects the Petitioner's explanation.
- 3.42 The information provided by the Petitioner during the entire validation session was inconsistent and changed many times. Notably, the Petitioner kept changing stand/submission with every validation session conducted by the Commission. The Commission gave enough opportunities to the Petitioner during the validation session to clarify the queries raised by the Commission. However, the Petitioner could not provide clarifications to the satisfaction of the Commission.
- 3.43 With reference to the submission of the Petitioner about reversal of 'zero rate' bills in February 2012, the Commission is of the opinion that the AT&C losses are yearly figure and has to be determined according to the correct figures for the year. The reversal entries done in February 2012, as claimed by the Petitioner, will be removed while truing up AT&C losses for FY 2011-12 after the prudence check.
- 3.44 The Commission has subtracted sales at zero rate in SAP database (58.33 MU) from the energy shown by the Petitioner as sales, as indicated by BRPL vide its letter dated April 27, 2012.
- 3.45 Therefore, the Commission has taken the proportion of sales disallowed on account of 'zero rate' billing in the SAP database to total sales in SAP database (total sales is approximately 4464 MU) and applied it to disallow sales in the EBS database (total sales is approximately 4037 MU), on the same account, on a pro-rata basis. As such, the total energy sales disallowed by the Commission in the EBS database are 53 MU.
- 3.46 In view of the above, total sales disallowed by the Commission due to 'zero billing', and other billing discrepancies like billing at lower rate, refunds given to the consumers without adjusting energy amount etc, is 111.33 MU (58.33 MU for SAP and 53 MU for EBS database)
- 3.47 The Commission also observed that sales under 'own consumption' for BRPL varied drastically across months in FY 2010-11. Total own consumption submitted by the

Annexure 6

Sundhiana's period.

Brijjender Singh's period

Sl. No.	Circuit	2007-08				2008-09				2009-10				2010-11			
		MU Inj	MU RtgC	A loss	% loss	MU Inj	MU RtgC	A loss	% loss	MU Inj	MU RtgC	A loss	% loss	MU Inj	MU RtgC	A loss	% loss
1	Aakankhanda	595.8	458.70	16.9	6.25	583.73	575.78	1.36	2.36	604.23	550.07	8.87	1.45	599.49	533.86	10.94	18.75
2	Hauz Khas	464.1	453.46	2.29	10.09	516.18	464.1	10.09	10.09	558.71	558.71	0.4	0.4	414.08	329.71	20.37	19.69
3	Khanpur	394	208.9	46.97	25.07	367.84	275.62	25.07	25.07	388.46	331.66	14.62	13.65	641.72	580.38	9.36	17.37
4	Nehru Place	628.45	567.87	9.64	6.69	633.19	590.85	6.69	6.69	644.88	664.75	-3.08	7.99	647.69	551.25	14.88	6.96
5	Nizamuddin	576.23	460.96	20	10.98	563.25	501.42	10.98	10.98	613.41	564.88	7.99	0.4	389.71	362.58	6.96	15.58
6	R.K.Puram	383.48	346.39	9.67	5.68	364.06	343.36	5.68	5.68	379.83	377.96	0.4	7.9	790.27	665.22	15.58	19.69
7	Saket	679.24	445.66	34.37	21.71	642.47	502.99	21.71	29	688.88	634.31	13.65	24.88	800.46	642.88	19.69	17.37
8	Sarita Vihar	699.07	482.43	30.99	24.88	683.21	526.76	24.88	24.88	745.64	643.61	13.65	15.07	544.34	449.66	17.37	1.45
9	Vasant Kunj	479.54	309.91	35.37	1.47	457.29	343.53	1.47	1.47	521.53	442.92	15.07	15.07	316.4	311.81	1.45	18.75
10	EHV Station	131.72	129.74	1.5	28.04	138.8	136.76	1.47	28.04	166.45	163.85	1.56	15.08	424.75	348.08	54.66	54.66
11	Dwarka	322.05	200.45	37.76	82.85	326.68	235.08	82.85	82.85	372.93	316.68	62.17	7.78	153.58	69.62	54.66	14.61
12	Jaffarpur	153.81	19.17	87.54	12.38	146.12	25.06	12.38	12.38	151.62	57.35	62.17	43.51	809.66	693.33	14.61	43.84
13	Janak Puri	729.24	604.28	17.13	55.65	713.73	625.36	55.65	55.65	804.27	741.72	7.78	47.85	257.7	144.7	144.7	52.81
14	Mundka	210.28	77.64	63.08	56.54	205.14	90.97	56.54	56.54	230.62	130.27	43.51	10.97	365.55	172.5	172.5	19.34
15	Najafgarh	330.77	107.57	67.48	22.26	306.06	132.08	22.26	22.26	332.75	173.37	47.85	23.96	516.43	416.53	19.34	27.07
16	Nangloi	465.74	333.4	28.42	36.59	468.58	364.25	36.59	36.59	481.64	428.8	10.97	12.06	472.76	344.8	344.8	15.03
17	Palam	428.53	222.9	47.98	15.58	399.22	253.13	15.58	15.58	435.86	331.42	23.96	25.18	427.33	363.07	363.07	28.15
18	Punjabibagh	387.41	295.09	23.83	36.39	381.83	321.59	36.39	36.39	418.22	367.78	12.06	20.29	532.53	382.64	382.64	24.16
19	Tagor garden	515.66	261.5	49.29	29.04	484.34	308.07	29.04	29.04	503.93	377.06	25.18	1.57	631.93	479.29	479.29	1.45
20	Vikash Puri	554.96	313.31	53.54	1.46	545.52	387.11	1.46	1.46	591.09	471.15	20.29	1.57	120.39	118.64	118.64	8511.17
21	EHV West	70.12	69.06	1.51		73.74	72.66	1.46		49.1	48.33			10461			
	Total	9204.2	6407.95			8964.64	7013.71			9661.11	8402.37						

Loss figure of BSES Rajdhani as per ARR Petition

Annexure 7

Energy availability from the future stations approved by the Central Commission

Station	Petitioner's submission MU	Commission's approval MU	COD by Commission	Actual date of Commissioning	As per petitioner submission date of commissioning
Dadri Ext. Unit-5	2345.20	2456.14	U-5: Feb. 2009 U-6: June 2012	U-5: 29-01-2012 U-6: 30-07-2010	
Kahalgaon Stage-II	88.01	164.69	June 2010		
Sewa-II	21.75	19.18	March 2012	22.06.10, 23.7.10, 01.07.2-10	
Chamera-III	5.21	-	-		
Uri-II	11.73	-	-		
Koteshwer HEP	6.55	-	-	23.08.11, 31.03.11	U-1 9/12 U-2 4/12
Porbati-III	9.55	-	-		
NPCIL RAPIS-5&6	62.61	133.02	RAPS-5 Feb 2009 RAPS-6 March 10		
Pragti- III	1156.87	1313.82	750 MW Aug 10 750 MW Dec 10	24.10.10, 17.02.11	U-1 U-2 U-3 8/11
NTPC Jhajar (Aravali Power Corporation)		316.05	500 MW Nov 2010	31-10-2010	U-1 3/11
DVC PPA					
Chendrapur U-7&8		885.88	Unit-7 Feb 2010 Unit 8 March 2010	Unit 7, 4-11-09 Unit 8, 31-3-2010	U-7 1/12 U-8 11/11
Maithon TPS		936.20	Unit – 1 Nov 2010		U-1 3/11 U-2 8/11
Mejia TPS Ph-II	491.30	436.20	Unit-1 May 2010 Unit –II Aug 2010	Unit -1 4/2010 Unit –II Aug 26-3-11	U-1 11/11 U-2 2/12
Durgapur Steel Plant Stage -1		599.81	Nov 2010	May 2012	
Kodorma TPS		359.89	Unit-1 June 2011		U-1 2/12 U-2 7/12
Dugapur TPS-II		64.60	March-2011		
Total					

Commission's Analysis

- 3.64 The Commission, in its MYT Order dated February 23, 2008 had approved total power purchase cost (including transmission charges) of Rs. 1612.45 Cr as against Rs. 2606.12 Cr claimed by the Petitioner for FY 2010-11. The increase in power purchase cost claimed by the Petitioner against the cost approved by the Commission in its Order is primarily on account of increase in quantum of units purchased through bilateral sources, increase in per unit rate of bilateral power purchase, lower rate for sale of surplus power and increase in the variable cost on account of escalation in fuel prices during FY 2010-11.
- 3.65 The Commission has verified the station wise month wise power purchase cost shown by the Petitioner with the bills received by the Petitioner on sample basis.
- 3.66 During the validation exercise, for verification of cost of short term power purchase, the Commission directed the Petitioner to submit the details of the process followed by the Petitioner for purchase/sale of short term power. The Petitioner informed the Commission that BYPL did not issue any tender for short term power procurement during FY 2010-11. All short term power that has been procured and contracted on the basis of request for offers from traders (through verbal communication).
- 3.67 It was observed that the Petitioner had entered into Round The Clock (RTC) power purchase contracts for the months of April 2010 to September 2010 at a price ranging from Rs 4.92 per unit to Rs 7.07 per unit. It may be noted that the almost all contracts for this period were signed as early as February 2010 (during the first week).
- 3.68 The Petitioner has submitted that it had sold short term power through bilateral arrangements on the basis of request for offers from traders (through verbal communication), without following a tender process.
- 3.69 It has been observed that BYPL has managed to sell RTC power at a price of Rs 4.60 per unit in the month of June 2010, at Rs 4.30 per unit in the months of January 2011, February 2011 and March 2011, while it has managed to sell power at Rs 4.46 per unit during different time slots in the months of November 2010, February 2011 and March 2011.
- 3.70 During the validation exercise, it was observed that the Petitioner has purchased total 1389.35 MU from bilateral/exchange/UI. It has purchased 1018.94 MU (73.34%) of energy from bilateral sources, 350.39 MU (25.22%) of energy from banking, 19.64 MU (1.41%) from intra-state arrangements, -3.11 MU (0.22%) (net of provisions) of energy from UI and 3.49 MU (0.25%) from exchange.
- 3.71 BYPL has incurred Rs 719.24 Cr (@ Rs 5.18 per unit) in short term power procurement, out of which Rs 561.25 Cr (78.03% @ Rs 5.51 per unit) was incurred in bilateral energy purchase, Rs 140.16 Cr (19.49% @ Rs 4.00 per unit) was incurred for purchase of energy under banking, Rs 7.83 Cr (1.09% @ Rs 25.20 per unit), inclusive of provisions, was incurred for UI, Rs 2.5 Cr (0.35% @ Rs 7.17 per unit) was incurred for purchase of energy from exchange and Rs 7.50 Cr (1.04% @ Rs 3.82 per unit) was incurred for purchase under intra-state arrangements.

Annexure 9

Related party transaction:

Briefly described the transaction pricing policy, of owned by the company in respect of "related party relationship" as defined in the relevant cost accounting records rules made under clause (d) of sub-section 209 of the Act. The following particulars may be furnished with regards to related party transaction.

Sales Transactions:

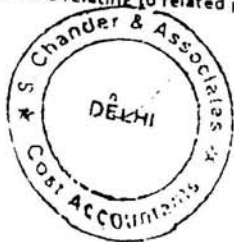
Particulars of related party	Product / activity	Units(KWH) MU's	Rate	Rs in Lakhs
				Amount
BSES Rajdhani Power Ltd. (BRPL)	Sale of goods			162.51
BSES Rajdhani Power Ltd. (BRPL)	Sale of power	34.63	3.97	1,373.35
BSES Rajdhani Power Ltd. (BRPL)	Sale of power-Margin			
BSES Rajdhani Power Ltd. (BRPL)	Interest received			0.13
Reliance Energy Trading Ltd. (RETL)	Sale of power	350.07	1.48	5,163.96
Reliance Energy Trading Ltd. (RETL)	Sale of power-Margin	618.81	0.02	117.57

Purchase Transactions:

Particulars of related party	Product / activity	Units(KWH) MU's	Rate	Rs in Lakhs
				Amount
Reliance Energy Trading Ltd. (RETL)	Purchase of power	405.30	2.72	11,029.59
Reliance Energy Trading Ltd. (RETL)	Purchase of power-Margin	3.33	0.00	0.06
BSES Rajdhani Power Ltd. (BRPL)	Purchase of capital goods			
BSES Rajdhani Power Ltd. (BRPL)	Purchase of power	1.26	5.11	64.48
BSES Rajdhani Power Ltd. (BRPL)	Purchase of power-Margin			
BSES Rajdhani Power Ltd. (BRPL)	Interest paid			120.07
Reliance Infrastructure Ltd.	Purchase of revenue goods			
Reliance Infrastructure Ltd.	Purchase of capital goods			
Reliance Infrastructure Ltd.	Services received			
BSES Rajdhani Power Ltd. (BRPL)	Purchases of goods			176.52

Notes:

Information of transactions relating to related parties have been provided by the management.



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23