ORDER

ON

TRUE UP FOR THE F.Y. 2023-24,
REVIEW FOR THE F.Y. 2024-25 &
AGGREGATE REVENUE REQUIREMENT
AND
TARIFF FOR THE F.Y. 2025-26

For

Power Department,
Government of Sikkim

March, 2025

Sikkim State Electricity Regulatory Commission
Gangtok, Sikkim

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ABBREVIATIONS

Abbreviation	Description
A&G	Administration & General
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal For Electricity
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
Crs	Crore
D/E	Debt Equity
E&PDS	Energy & Power Department, Govt. of Sikkim
EHT	Extra High Tension
ER	Eastern Region
FAC	Fuel Adjustment Costs
FDR	Fixed Deposits Receipts
FSTPS	Farakka Super Thermal Power Station
F.Y.	Financial Year
GFA	Gross Fixed Assets
HP	Horse Power
HT	High Tension
SSERC	Sikkim State Electricity Regulatory Commission
KHSTPS	Kahalgaon Thermal Power Station
KV	Kilovolt
KVA	Kilo volt Amps
kWh	kilo Watt hour
L.T.M.D.	Low Tension Maximum Demand
LNG	Liquefied Natural Gas
LT	Low Tension
LTC	Leave Travel Concession
MU	Million Units
MVA	Million volt Amps
MW	Mega Watt
NHPC	National Hydroelectric Power Corporation Ltd.
O&M	Operation & Maintenance
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PLR	Prime Lending Rate
PTC	Power Trading Corporation of India Ltd.
R&M	Repairs and Maintenance
RoR	Rate of Return
Rs.	Rupees
₹	Rupees

S/s	Sub Station
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SPV	Special Purpose Vehicle
T&D	Transmission & Distribution
UI	Unscheduled Interchange
WBSEDCL	West Bengal State Electricity Distribution Company Ltd.
MYT	Multi Year Tariff

1. BACKGROUND

Before the
State Electricity Regulatory Commission for the
State of Sikkim, Gangtok

Case No.: P-01/PDS/2024-25

In the matter of

Petition for True Up for the F.Y. 2023-24, Review for the F.Y. 2024-25 and Aggregate Revenue Requirement (ARR) and Tariff proposals for F.Y. 2025-26 filed by the Power Department, Government of Sikkim, herein after referred to as 'PDS'-- Petitioner.

Coram

Shri K. B. Kunwar, Chairperson

ORDER

Date of Order: 27th March, 2025

1.1 INTRODUCTION

This order relates to the Petition filed by the Power Department, Government of Sikkim (PDS), for True-Up for F.Y.2023-24, Review for F.Y 2024-25, Aggregate Revenue Requirement (ARR) and Tariff proposals for F.Y. 2025-26 in terms of Sikkim State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020 and subsequent amendments thereof.

1.2 SIKKIM STATE ELECTRICITY REGULATORY COMMISSION

Sikkim State Electricity Regulatory Commission (hereinafter referred to as 'Commission') came into existence on 15th November, 2003 after the notification constituting the Commission was issued by the Government of Sikkim in the Sikkim Government Extraordinary Gazette Notification No. 28/P/GEN/97/524 dated 15.11.2003. The Commission however became operational only from April, 2011.

Section 86 of the Electricity Act, 2003 (36 of 2003) lays down the functions of the State Commission. These functions include: determination of tariff for generation, transmission, distribution and wheeling of electricity (wholesale, bulk or retail) as the case may be within the State. Further, Section 62 (1) of the Act empowers the State Commission to determine tariffs, both in accordance with the provisions of the Act and also under the Regulations framed by the State Regulatory Commission, for supply of electricity by a generating company to a distribution licensee, for transmission of electricity, for wheeling of electricity and retail sale of electricity within the State.

In the discharge of its functions, the Commission is guided by the National Electricity Plan, the National Tariff Policy and other Acts/Policies and guidelines issued by the Government of India and the State Government from time to time.

1.3 POWER DEPARTMENT, GOVERNMENT OF SIKKIM

Power Department, Government of Sikkim is a State Government Department and is engaged in Distribution, Transmission and Generation & Retail Supply of electricity in the State of Sikkim. PDS is the sole Distribution Licensee in the State and is a Deemed Distribution Licensee as per the provisions of the Electricity Act, 2003.

1.4 MULTI YEAR TARIFF REGULATIONS

Sikkim State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) (Second Amendment) Regulations, 2013 was notified by the Commission on 21st May 2014 thereby specifying the 1st 3-year Control Period for Multi Year Tariff Regime w.e.f F.Y. 2015-16 to F.Y. 2017-18. However, due to various reasons, the ARR and Tariff proposals of the PDS could not be taken up under the Multi Year Tariff Regime. Therefore, the Commission amended the said regulations and re-fixed the period from F.Y. 2018-19 to F.Y. 2020-21 as the 1st Three Year Control Period. Accordingly, the ARR and Tariff were brought under Multi Year Tariff Regime w.e.f the F.Y. 2018-19.

The Commission notified the Sikkim State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020 on 9th September 2020, thereby fixing the period from F.Y. 2021-22 to F.Y.2023-24 as the 2nd Three Year Control Period.

The period from F.Y. 2024-25 to F.Y. 2026-27 was specified as the 3rd 3-year Control Period for Multi Year Tariff through a separate Notification of the Commission directing the PDS to file its petition for approval of ARR and Tariff in line with Sikkim State Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020 dated 9th September 2020. Therefore, the present petition of the PDS for True Up and Review being dealt in this Order falls within the 3rd Three Year Control Period specified by the Commission

1.5 FILING OF PETITION BY PDS

The Petition for approval for True Up for the F.Y. 2023-24, Review for the F.Y. 2024-25 and Aggregate Revenue Requirement (ARR) and Tariff proposal for F.Y. 2025-26 was filed by the PDS before the Hon'ble Commission on 21st November 2024 via letter No.

05/PD/Rev/Nodal/2014-15 (Part-II)/699 dated 21.11.2024 as per the provisions of Section 61, 62 and 64 of the Electricity Act, 2003 and SSERC (Terms and Conditions of Tariff Determination for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020.

The Petition was admitted and registered as Case No. P-01//PDS/2024-25 by the Hon'ble Commission on 27.11.2024. Thereafter, via letter No. 318/SSERC/2017-18/Part-III/254 dated 27.11.2024, the Commission informed the Petitioner that its Petition has been admitted subject to the following conditions: -

i. The Petitioner shall file/submit additional data/information and documents as and when sought by the Commission.

ii. The Petitioner shall provide clarifications/justifications and details of calculations/estimates/projections made/adopted by it for arriving at the figures presented in the petition.

iii. The Petitioner shall issue a 'public notice' with details of the ARR and Tariff proposals seeking views, comments, suggestions and objections from the public and other stake holders.

1.6 INTERACTION WITH THE PETITIONER

The Commission vide its letter No. 318/SSERC/2017-18/Part-III/254 directed the Petitioner to issue Public Notice in local newspapers seeking comments, suggestions and objections from the consumers and other stake holders on the ARR and Tariff proposals for F.Y 2025-26.

The Commission, while scrutinizing the Petition and prudence check, observed several data gaps and directed the PDS to submit additional information/clarifications on the figures and projected/estimated figures presented in the Petition. The PDS also filed a rejoinder to its Petition via letter No. 427/IT/Power/2024 dated 19/12/2024 thereby praying for certain modifications/changes in the petition filed by it.

The details of communications made by the Commission and the replies/responses received from the Petitioner are as under:

Sl.No	Queries/ Clarifications sought by the Commission		Replies/Responses furnished by the Petitioner	
	Letter no. / E-mail	**Date**	**Letter no. / E-mail**	**Date**
1	Email	07.01.2025	Letter No.05/PD/REV/Nodal/2014-25/Part-II/704	15.01.2025
2	Email	28.01.2025	05/PD/REV/NODAL/2014-15/Part II/705	03.02.2025
3	Email	27.02.2025	Email	27.02.2025
			427/IT/Power/2024	19/12/2024

In order to get further insights into the methodology adopted, projections/estimations made and other aspects of the ARR /Tariff Petition, detailed discussion on the Petition was held with the representatives of the PDS on 24th February 2025. During the interactive discussion, the PDS submitted the details of methodology and procedure adopted by it for arriving at the various estimates/projections made in the petition. The PDS also explained and submitted the justifications/reasons for seeking revision in tariff vis-à-vis other charges.

1.7 PUBLIC HEARING PROCESS

As mandated by Section 64 of the Electricity Act, 2003 and the Regulations notified by the Commission thereof, the Commission vide its letter No. 318/SSERC/2017-18/Part-III/254 dated 27.11.2024, directed the PDS to publish the ARR and the Tariff proposals and a Public Notice in local newspapers soliciting comment, views, suggestions and objections of the public and other stake holders on the ARR and Tariff proposal.

The PDS published an abridged form of its ARR and Tariff proposals and also issued Public Notices soliciting objections, suggestions, comments and views of the members of the public, consumers and stake holders on the ARR and Tariff proposals for F.Y 2025-26. The PDS had issued the Public Notices in the following newspapers, requesting submission of the objections, suggestions, comments and views on or before **10th January 2025**:

i. Sikkim Express (English)-------------18th December 2024

ii. Dainik Mirmiray (Nepali)-----------18th December 2024

The PDS also made the copies of the ARR and Tariff petition available for viewing and information of public, interested persons and stake holders at the following office:

1. **Principal Chief Engineer (Elect. cum Nodal Officer (Revenue), Power Department, Govt. of Sikkim, Kazi Road, Gangtok, East Sikkim.**

The ARR and Tariff petition were also uploaded in the official website of the Power Department **"power.sikkim.gov.in"** in downloadable format for the ease of the public and stake holders.

1.8 NOTICE FOR PUBLIC HEARING

Wide publicity was given by the PDS on the ARR and tariff proposal for F.Y. 2025-26 by issuing 'Public Notice' in local newspapers. The notices were published in the local newspapers on 18th December 2025. PDS sought the views/opinions/suggestions and objections of general public, interested parties, stakeholders and the consumers on the proposed ARR and Tariff proposal. Through the Public Notice, PDS placed the ARR and Tariff proposals in public domain and set 10th January 2025 as the last date for receipt of comments/suggestions/views and objections from the public and other stake holders.

A separate Public Notice was also issued by the Commission in local newspapers giving date, time and venue of the public hearing to be conducted by the Commission. The Public Notice was also placed in the official website of the Commission (**"www.sserc.org"**). The Commission through the Public Notice appealed the general public and the stake holders to participate in the Public Hearing and for placing their views/comments/suggestions on the ARR & Tariff proposals and for hearing on the prayers/submissions of interested individuals, parties and stake holders.

The Commission published the Public Notice for the Hearing in the following newspapers:

- **Sikkim Express (English)--------- 23rd January 2025 & 7th February 2025**

- **Hamro Prajashakti (Nepali)------ 23rd January 2025 & 7th February 2025**

1.9 PUBLIC HEARING

An open Public Hearing on the Petition of the PDS was held on 20th February 2025 in the Courtroom of the Commission at Deorali, Gangtok, Sikkim from 10.30 A.M to 2.30 P.M for all categories of consumers. The details of the queries, submissions and objections received, response of the PDS to the queries/submissions/objections received from the consumers/stake holders and the comments of the Commission are discussed in Chapter- 4 of this Order

1.10 STATE ADVISORY COMMITTEE MEETING

The Commission deemed it fit to obtain the views/suggestions/comments of the Members of the State Advisory Committee on the Petition filed by the PDS and especially on the tariffs proposed for F.Y 2025-26. Accordingly, a meeting of the Committee was held on 24th February 2025 at 1.00 P.M in the Chamber of the Chairperson, SSERC.

The Committee discussed the ARR and Tariff proposal of the PDS for F.Y.2025-26 including True Up for F.Y. 2023-24 and Review for F.Y. 2024-25 and also other charges proposed by the PDS. The views, comments, observations and suggestions of the Committee on each component of the ARR/Tariff petition are given hereunder:

Agenda Item No. 1: Truing up of ARR for F.Y 2023-24

- Shri D.P Sharma, IAS (retd.) and Shri Pema S.Wanghuck pointed out that 'power purchase cost' is one of the major contributor to the overall ARR of the Department and opined that with so many hydropower projects operating in the State, there ought to be very little import of power. Shri Sharma also highlighted that in many of the past meetings of SAC, he had stressed on the need for providing quality power at affordable rates for overall interest of the consumers.

- Shri Pema S. Wangchuk noted that the "Repair & Maintenance" cost has increased as compared to the estimated/projected figures approved by the Commission and felt that strict quality control/supervision of 'repair and maintenance works' is required and opined that the Commission needs to issue strict orders to the Department in this regard.

- Smt. Sradha Sharma observed that another major cause of high ARR requirement and resultant revenue deficit is attributable to huge 'employee cost'. She observed that there is umpteen increase in the employee cost and felt the need for cutting down the employee cost to reduce the revenue gap. She further opined that strict quality control/supervision of repair and maintenance works including replacement of equipment like transformers will not only improve the overall quality of power supply but also help curtail the "Repair and Maintenance Cost" in the long run.

- Shri Dinesh Kharel opined that the primary reasons for increase in the employee cost are recruitment of new employees, increase in salary and other allowances of the existing employees and added that recruitment of new employees is done as per State Government policy and salaries/allowances is bound to be paid by the Department. He further opined that the Department being a State Government, curtailing of the employee cost by the Department on its own may not be possible and might need policy decision of the Government. He added that if the Department could find a way to reduce the employee cost, the revenue requirement and the resultant ARR deficit is bound to come down.

- The members of the SAC also opined that the Secretary, Senior officers and Site Engineers of the Department need to conduct regular surprise visits to all construction sites and strictly supervise the quality of the equipment and works being executed. They opined that regular supervision and surprise visits will ensure not only timely completion of the ongoing works but also ensure that standard/top quality materials and equipment are installed. The members advised the Commission to issue strong directives to the Department to ensure strict supervision of the quality of equipment/machines being installed and workmanship.

- The SAC members noted that the Department has been successful in earning more revenue than initially targeted and appreciated the fact that despite all odds, the Department has been able to bring down the deficit and opined that the Department must make effort to close the gap ultimately.
- Shri K.B. Kunwar, Chairperson, summing up the discussion, apprised the house that after the damages caused to powerhouses by the GLOF in 2023, the power generation of three major projects namely 1200 MW Teesta III HEP, 96 MW Dikchu HEP and 510 MW Teesta-V HEP has totally stopped resulting in 'zero' free power share from these projects to Sikkim. He added that prior to GLOF, Sikkim was receiving good quantum of free power and was able to meet a sizeable quantity of its power requirements from the free power. He further added that the excess free power was being traded through the power exchange and Sikkim was earning good revenue but post GLOF, Sikkim not only lost the free power but also has to buy additional power to meet the power requirements. The Chairperson also added that the Department is buying thermal & other power at high tariff and selling the same power at much lower rates and apprised that the need for buying power at high tariff has significantly increased the 'power purchase cost'.
- The Chairperson further added that the Power Department being a State Government Department, recruitment of new employees is policy decision of the State Government and SSERC has no jurisdiction over it. However, he added that the Commission has issued several directives and advisories, as mandated by the Electricity Act, 2003 to the Department to explore possibility of relocating the excess manpower or to charge their expenses to some other head to reduce the employee cost in the ARR. He welcomed the suggestions and comments received from the members and assured that necessary directives will be issued to the Department as suggested by the members. He also assured that the views/suggestions of the members will be given due weightage while finalizing the Tariff order.

Agenda Item No. 2: Review for F.Y 2024-25

- Shri P.D. Chaktha apprised the house that Review of the projected/estimated ARR for FY 2024-25 has been submitted by the Department based on the actuals of FY 2023-24 and the trends of the current year till September 2025. He added that the review gives the probable picture that would be seen at the end of the financial year.
- The members of the SAC once again observed that Employee Cost and Power Purchase Cost are the major contributors to the high ARR and revenue deficit and opined that unless the Department finds a way to reduce these two costs, these costs are bound to increase as time progresses. The members also noted that the estimated revenue from sale of power outside State is going down and unless free power share from Hydropower projects is restored, the revenue deficit will continue.
- The members also opined that revenue from sale of power within the State will improve if the Department can bring down the losses. The members felt that the T&D loss and commercial losses are very high in Sikkim compared to other States and so the Department must check pilferage/theft of power and take strong action against unauthorised connections. The members observed that there are many instances of incorrect billing and average billing especially in rural areas and felt that such practice should be discouraged and stopped as the same amounts to injustice to consumers who proactively and regularly pay their bills as per actual consumption.
- The members unanimously opined that the Department should be advised to formulate a proposal for relocating the excess manpower or debiting their salary from some other head to reduce the employee cost. The members also felt that the Department should take all possible measures to reduce the losses and also check pilferage/theft of electricity stringently to improve its revenue collection. The members felt that installation of prepaid smart meters should be expedited and, in the meantime, proper supervision/checking is required to ensure that correct meter reading is done by the meter reader and that average billing is stopped at all costs.
- Shri K.B Kunwar, Chairperson, concluding the discussion on the agenda remarked that the Commission has time and again in its past orders advised the Department to submit a proposal to the State Government for relocating the excess manpower or for

placing the excess manpower under a different head/different department so that the employee cost gets reduced. He further opined that unless the generation from the projects affected by GLOF resumes, the Department will have to import power at high tariff to meet the power requirements and as such power purchase cost may not come down any time soon. He opined that the Department needs to plan its power procurement duly taking into account the demand vs supply scenario in the State vis-à-vis judicious selection of sources of power to ensure purchase of power at the most competitive tariffs. He further added that SSERC's role and jurisdiction is to provide a level playing field for all stake holders and to ensure that the consumers are not unnecessarily burdened by the lapses of the Department. He assured the house that directives/advisories based on the inputs received from the members shall be issued in the Tariff Order.

Agenda Item No. 3: Projected ARR for F.Y 2025-26 and Tariff Petition for FY 2025-26

- Smt Sradha Sharma noted that the AT&C losses of the Department is very high compared to other States and opined that the Department must find a way to assess and get a correct picture of the losses for the unaccounted energy. She added that the Department is not only buying power at high tariff and selling the same power at much lower average tariff but also a sizeable quantum of the power disappears in the form of losses and felt that unless proper measure are taken to account for the 'disappearing power' the Department will not be able to close the revenue gap. She further added that losses be it through pilferage, illegal connections, theft or incorrect billing, is a loss to the State exchequer and ultimately a loss of the public. Furthermore, she opined that the Department must take all possible steps to bring down the losses to the national level.

- Smt Sharma apprised the house that she herself works in the tourism/hospitality sector and has faced the brunt of Covid pandemic and GLOF calamity on the hotel/tourism business. She added that unlike other commercial units like pharmaceuticals and manufacturing units, tourism/hospitality business is dependent on many factors like road connectivity, weather, etc and therefore there is no guarantee for hotel/tourism business. She further added that due to road blockages, pandemic and bad weather, bookings of hotels are cancelled incurring heavy losses to the hotel owners and opined that some relief must be provided to the hotels by way of reduction in tariff or demand charges. She also added that even though hotels have no customers during off-season, they are required to pay the Demand Charges and felt that there should be provision to change/review the Demand Charges on a seasonal basis preferably four times a year. She opined that hotel business can't and should not be treated at par with other industries like pharma companies. She further opined that pharma companies and other manufacturing units can continue with their manufacturing process and can wait for several days to sell their products unlike hotels. She stressed on the need to review the Demand Charges applicable to hotels and suggested that the Department has to provide "flexible" or "seasonal Demand Charge" for hotels to encourage growth of the hotel business in the State. She further felt that local people are working hard to earn their livelihood through hotel/restaurant business and some relief in tariff and demand charge should be given to encourage them otherwise the rising cost of all basic services like water, sewerage, electricity etc will severely cripple the hotel industry.

- Smt Sharma also opined that considering the increase in prices of all commodities and also the fact that the power tariff in State has not been hiked since last few years, nominal increase in tariff proposed by the Department may be considered but sudden increase in tariff will give shock to the consumers and is not advisable. She also apprised the house that the Hotels & Restaurants Association of Sikkim has already submitted its petition before the Commission for review of the Demand Charges and the directives issued by the Department for mandatory installation of transformers by consumers for connected load above 25 KVA and requested that the genuine prayers made by the Association may be taken into consideration by the Commission.

- Shri Pema S.Wangchuk opined that the consumers, especially domestic consumers are used to paying nominal tariffs so far and sudden hike proposed by the Department may not be taken well by the consumers. He observed that the Department has proposed hike for domestic consumers @ ₹ 1.00 per unit for all consumer slabs, which is significant hike and will severely impact the poor consumers especially from rural areas and opined that the Commission needs to keep the impact of the tariff hike while considering the proposal of the Department. He further opined that if the Department is able to check the power losses and ensure correct billing, the revenue will automatically increase even at the existing tariffs. He added that power supply is not upto the mark in rural areas and people have to face frequent power failures and restoration of power supply takes considerable time in the remote rural areas and as such, unless the Department improves the quality of its services and supply quality, it may not be justifiable to hike the tariffs. He also opined that the Department needs to take steps for simplifying the procedure for release of new connections and shared his personal experience of the Department taking unreasonable time for providing new connections/temporary connections for contractual works. He added that prompt service connection will bring more revenue and also check illegal connections.

- The members of the SAC also unanimously felt that chances of illegal connections and incorrect billings are very high and may happen with the connivance of the consumers and the field staff of the Department as a result of lack of strict supervision, tedious process and delay in release of new connections. The members opined that the Department has to devise a mechanism to regularly verify the correctness of meter reading being taken and also ensure that the procedure for release of new connection is simplified and made quicker, which will only help the Department in collecting more revenue. The SAC members also opined that the Department has to abide by the regulations notified by the Commission and the time frame stipulated by the Government of India and the Commission for release of new connections. The members of the SAC also opined that unless the Department takes strict measures to curb the losses, the chances of improvement of financial health is very grim. The members suggested that strict directives be issued to the Department to curb the losses and to properly supervise the billing.

- The members also deliberated on the issue of compulsory installation of Transformer by consumers for load exceeding 50 KVA and opined that in the interest of local entrepreneurs engaged in hotel business, the load limit needs to be increased, preferably to 100 KVA. The members felt that by doing so, even if there is some hike in the tariff, the consumers will get some relief. The members also opined that local people have made huge investments to attract tourist, which ultimately will help boost the State's economy and therefore, the sole intention of the Department for hiking tariff should not be only to improve the revenue of the Department but also to ensure overall growth of the State's economy.

- Chairperson SSERC, summing up the discussion, apprised the house that the Department has to invariably follow the regulations notified by the Commission and also the guidelines issued by the Government of India so far as power distribution, generation and transmission are concerned. He added that it is incorrect on the part of the Department to issue orders/notices which are contradictory to the provisions of the regulations notified by the Commission, for which, the Commission will issue necessary advisory to the Department. He also apprised the house that consumers are to install their own transformer only if their load is above 50 KVA as per SSERC regulation and not 25 KVA and that SSERC has already brought the matter to the notice of the Department. He further added that the tariff, Demand Charge, connectivity charges etc are only the proposals of the Department and there is no compulsion on SSERC to approve the proposals in toto. He also apprised the house that SSERC scrutinizes and carries out prudence check of all details, data and documents submitted by the Department before considering any item for approval. He further stated that the job of SSERC is to ensure that that the Department is not unduly burdening the consumers and at the same time to ensure that there is a steady growth in the overall performance, sustainability and financial health of the Department. The Chairperson assured the house that all the suggestions and inputs given by the members shall be taken into consideration and will guide the SSERC in coming out with a well-balanced tariff order.

Agenda Item No. 4: Any other item with the permission of the Chair.

- The members also deliberated on the overall power scenario in the State and opined that the Power Department has been slowly but steadily improving the quality of its services but still much needs to be done to bring its standard at par with its counterparts in other States. The members noted that there is lack of awareness among the public on important aspects like prepaid/smart meters, consumer grievance and redressal, compensation for non-performance, supply and demand issues etc. The members felt that the Department needs to invest more on public awareness and transparency. They noted that consumers are not aware of existence of Consumer Grievance Redressal Forums in each district nor about the procedure for resolution of the grievances and suggested that wide publicity be given through various mediums like social media, electronic and print media, gram sabhas etc for the benefit of the public.

- The members also expressed their concern on delay in installation of prepaid/smart meters in the State and stressed on the need for early completion of meter installation. The members observed instances where the smart prepaid meters have been already installed but the meters are non-operational nor the consumers are getting the bills, resulting in consumers receiving huge "due bills" at a later stage, which they opined is serious negligence on the part of the Department.
- The members also felt that any small hydropower projects lying idle or non-operational need to be repaired and re-commissioned to increase the share of renewable power in the State. The members also felt that whenever projects are leased/allotted to private developers, good bargaining should be done by the State to get maximum benefits by way of free power, employment opportunities etc. The members also opined that more thrust should be given to development of renewable energy like rooftop solar power to minimise power import.
- Chairperson SSERC, apprised the house that SSERC has issued advisories to the Department to improve both the quality of its services and for providing uninterrupted power supply. He added that as per the guidelines issued by the Government of India, SSERC has framed the necessary regulations covering every aspect of power distribution including grievance redressal and compensation. He opined that the consumers also need to be vigilant and proactive about their rights and duties and raise issues affecting them before the appropriate forums. He further added that fresh directives and advisories shall be issued to the Department in the Tariff Order to be issued for the ensuing financial year.

2. SUMMARY OF AGGREGATE REVENUE REQUIREMENT FOR F.Y. 2025-26

2.1 Aggregate Revenue Requirement (ARR)

The Petitioner has submitted the Aggregate Revenue Requirement for the F.Y. 2025-26 for meeting its expenses and estimated the revenue with the existing tariff and also the True Up for F.Y. 2023-24 and Review for F.Y. 2024-25. The True Up of ARR for F.Y. 2023-24, Review for F.Y. 2024-25 and the projected ARR and Revenue gaps for F.Y. 2025-26 are shown in the table below:

Table 2.1: Aggregate Revenue Requirement Projected by PDS

(Rs. in Crore)

Sl. No.	Particulars	F.Y. 2023-24 (Actual)	F.Y. 2024-25 (Estimated)	F.Y. 2025-26 (Projected)
1	Cost of Fuel	0.00	0.00	0.00
2	Cost of Generation	0.00	0.00	0.00
3	Cost of Power Purchase	217.10	264.10	277.50
4	Intra State Transmission Charge	38.37	40.29	41.36
5	ERLDC Fees & Other	38.42	41.29	42.53
6	Employee Costs	203.52	208.45	214.70
7	Repair and Maintenance Expense	12.21	13.43	14.12
8	Administration and General Expenses	3.17	3.49	3.64
9	Depreciation	18.04	26.72	26.98
10	Interest Charges	0.00	0.00	0.00
11	Interest on Working Capital	5.10	5.43	0.00
12	Return on equity	0.00	0.00	0.00
13	Previous Year Expenses of Power Cost	1.66	1.82	2.15
14	**Total Revenue Requirement**	**537.59**	**605.02**	**622.98**
15	Less: Non-Tariff Income	8.11	8.57	8.75
16	**Net Revenue Requirement**	**529.48**	**596.45**	**614.23**
17	Revenue from Tariff	331.15	388.88	407.16
18	Revenue from Outside State Sales	150.55	110.42	108.21
19	Total Revenue (17+18)	**481.70**	**499.30**	**515.37**
20	**Surplus/ (Gap) (19-16)**	**(47.78)**	**(97.15)**	**(98.86)**

2.2 Tariff – Existing vs. Proposed

In its Petition, PDS has submitted the proposed Tariffs for the F.Y. 2025-26, as detailed in the table below:

Table 2.2: Existing Tariffs v/s Proposed Tariffs for the F.Y. 2025-26

Sl. No.	Particulars	Existing Rate Paisa /kWh	Proposed Rate Paisa /kWh
1	**Domestic**		
a)	Up to 50 Units	110	210
b)	51 to 100 Units	210	310
c)	100 to 200 Units	310	410
d)	200 to 400 Units	360	460
e)	401 & above	410	510
2	**Commercial**		
a)	Up to 50 Units	310	460
b)	51 to 100 Units	410	560
c)	100 to 200 Units	510	660
d)	200 to 400 Units	610	760
e)	401 & above	640	790
3	**Public Lighting**		
A	Rural Areas	400	550
B	Urban Areas	500	650
4	Supply to Army Pensioners	Domestic rates are applicable	Domestic rates are applicable
5	Supply to Blind		
6	Supply to place of worship		
7	**Industrial**		
A	HT		
a)	HT (AC) above 3.3 KV		
b)	Up to 100 KVA	540	740
c)	100-250 KVA	590	
d)	250-500 KVA	640	790
e)	500KVA and Above	690	840
B	**LT (Rural)**		
a)	Up to 500 Units	360	510
b)	501-1000 Units	440	590
c)	1001 & Above	580	730
C	**LT(Urban)**		
a)	Up to 500 Units	530	680
b)	501-1000 Units	620	770
c)	1001 & Above	715	860

8	**BULK SUPPLY**		
a)	LT	550	700
b)	HT	550	700

2.3 Prayers of PDS

The PDS has in its Petition prayed for the following:

- To consider and approve the True-up of expenses for the F.Y. 2023-24.
- To Review the estimates for the F.Y. 2024-25.
- To admit the Petition and approve the ARR and Tariff for the F.Y. 2025-26.
- To approve category-wise tariff, including fixed/demand charges submitted by PDS to meet revenue requirement for the F.Y. 2025-26.
- To approve the suggestions regarding the tariff philosophy.
- Pass such orders as the Commission may deem fit and proper, keeping in view the facts and circumstances of the case.

3. POWER SECTOR TRENDS & INSIGHTS

3.1 Introduction

Located in the picturesque Himalayas, Sikkim was a tiny kingdom under the reign of the "Chogyals" or Dharma Kings until 1950, when it became a protectorate of India. Sikkim became the 22nd State of India on 16th May 1973. With a geographical area of 7,096 Sq.Km and a population of around 7.00 Lakhs, Sikkim is one of the least populated State. Sikkim is bordered by the Tibet Autonomous Region of China to the north and north east, by the Kingdom of Bhutan to the southeast, Nepal to the west and the State of West Bengal to the South.

Having joined the Indian mainstream only in 1973, Sikkim today tops the list in many sectors amongst small States. Sikkim's per capita income stood approximately ₹ 5.88 Lakhs in 2024, making it the highest in the country. Sikkim's overall literacy rate was around 81.42% in 2024. Sikkim also has the distinction of being the first and the only "100% Organic State" State in India and the also the first State to completely ban use of chemical fertilizers, pesticides and insecticides.

Although, Sikkim has small population and a tiny geographical size, it has great political and strategic importance for the country because of its location along several international boundaries. Sikkim is surrounded by mountains and there is very little lowlands and the variation of relief is extreme. Within a stretch of about 80 kilometres, the land rises from 225 m in the Teesta River to about 8600 m at Mt. Kangchen-Dze-Nga (Kangchenjunga). Almost two third of its total area consists of perpetually snow-covered mountains, dominated by Mt. Kangchendzenga, the 3rd highest peak in the world. Sikkim is drained by two main river systems viz Teesta and Rangit. These two rivers cut deep valleys into the mountains thereby descending steeply into the plains of West Bengal. Teesta and Rangit rivers are joined by numerous tributaries during their long journey from the Himalayas to the Great Plains of India.

Sikkim's varied and unique geography makes it one of the most beautiful States in the country with numerous pristine lakes, streams, rivulets, magnificent peaks adorning its landscape. Due to its unique geography, Sikkim is also a bio-diversity hot spot and home to highly endangered species. Some of the rarest flora and fauna are found here. Sikkim has the largest recorded forest land area covering 82.31% of its geographical area.

Kangchenjunga National Park or "KNP" as popularly known the world over, is a "UNESCO World Heritage Site" the first in India under 'Mixed Category' (Culture and Nature). KNP is a biodiversity hotspot and is home to some of the most endangered flora and fauna. A mix of natural beauty, colourful cultures & traditions, clean environment, friendly locals and the distinction of being the first 100% organic State makes Sikkim an ideal destination for those seeking peace and relaxation.

National Geographic in its survey had chosen Sikkim as one of the **'coolest places to visit in 2024**'. This list comprises of 30 destinations from around the globe and Sikkim is the only Indian destination. The unique initiatives taken by the State Government and its natural beauty makes Sikkim a jewel in the crown of India.

Having joined the Union of India much later compared to others, Sikkim has made significant growth in all sectors. Sikkim's small population could be attributed as one of the main reasons for its rapid growth and development. Despite having the highest per capita income and one of the highest growth rates among the small States, surprisingly, Sikkim has one of the lowest per capita power consumptions in the country (687 kWh in 2023). The peak demand in the State stood at 138.77 MW in 2024.The reasons for low electricity consumption are small population, rural population domination, limited industrialization, energy efficient practices & measures, cultural and behavioural factors, limited urbanization, etc.

The total metered consumers in the State as on 31st March 2024 was around 1,31,693 comprising of 86.80 % Domestic Consumers, 9.86% Commercial Consumers, 1.52% Bulk Consumers. Rest of the consumers comprise mainly of Industrial Category like of pharmaceutical units, breweries/distilleries.

Power Department (PDS), a Department of the Government of Sikkim is the only deemed licensee in the State engaged in transmission, distribution and supply of electricity. PDS is a deemed licensee under the provisions of Electricity Act, 2003.The PDS is also a generation utility and owns a few small hydropower projects and diesel generating stations. However, to ease the high O& M cost of its old Powerhouses, the PDS has leased out all its small hydropower projects to private power developer.

The PDS, being a State Government Department functions with budgetary support from the State Government and also many of its schemes are funded by the Government of India. Under the Transmission sector, the Department has a small presence with around 10.00 Ckt.Km 220 KV lines, 68.50Ckt. Km of 132 KV lines and 404.90 Ckt. Km of 66 KV lines as on 31st March 2024. The PDS also owns and operates 3517.26 Ckt. Km of 11KV HT lines and 5469.60 Ckt. Km of L.T lines as on 31st March 2024.

A majority of the hydropower projects out of total installed capacity of 2265 MW in Sikkim are owned and operated by Independent Power Developers (IPPs) and NHPC Ltd. Sikkim Power Development Corporation Limited (SPDCL), a Government of Sikkim Enterprise is another State Government Generating Company with 51% stake of the State Government. SPDCL presently owns and operates four Small Hydropower Projects with a total installed capacity of 13 MW and sells all its power to the PDS.

1.2 CONSUMER PROFILE

As on 31st March 2024, the total number of registered consumers stood at 131693 with an annual power consumption of 482.44 MUs. The category-wise consumer profiled is as given in the table below:

Category	No. of consumers 2023-24	Percentage of break up
Domestics	114302	86.80%
Commercial	12980	9.86%
Public Lighting	72	0.05%
Temporary Supply	-	0.00%
HT Industrial Consumers	649	0.49%
LT Industrial Consumers	652	0.50%
Bulk Supply	2000	1.52%
Total	**1,31,693**	

3.3 Hydro Power Project Development

Owing to its unique geographical and relief features, Sikkim is blessed with abundant natural resources, especially hydropower. With the vision to harness this renewable energy source, Sikkim took the conscious decision to develop hydropower to strive towards energy self-sufficiency. Most of the projects out of available potential of around 8000 MW has been developed through Independent Power Developers and NHPC Ltd. So far projects totaling more than 2200 MW installed capacity have been successfully implemented in the State. The total installed capacity of the State stood at 2265 MW in 2024. The development of hydropower projects has not only substantially curtailed State's dependance on import of thermal power and cost of power purchase, but also significantly improved the revenue by way of 'free power' and sale of excess power. The projects commissioned in the State so far are given below:

Commissioned Projects

Sl.No	Name of the Project	Installed Capacity (MW)	Developer
1	**Teesta -III HEP	1200	Sikkim Urja Ltd (A Govt. of Sikkim Undertaking)
2	**Dikchu HEP	96	Sneha Kinetics Power Projects Pvt Ltd
3	Chujachen HEP	110	Gati Infrastructures Pvt Ltd
4	**Teesta –V HEP	510	NHPC Ltd
5	Rangit –III HEP	60	NHPC Ltd
6	Tashiding HEP	97	Shiga Energy Pvt Ltd
7	Jorethang Loop HEP	96	DANS Energy Pvt Ltd
8	Rongnichu HEP	96	Madhya Bharat Power Corporation Pvt Ltd

**** Projects under reconstruction/repairs due to damages caused by GLOF in 2023.**

In addition to the above, some more projects are under implementation and are as indicated below:

Projects under Implementation/to be implemented

Sl.No	Name of the Project	Installed Capacity (MW)	Developer
1	Bhasmey HEP	62	Gati Infrastructure Limited
2	Teesta-VI HEP	500	NHPC Ltd
3	Rangit- IVHEP	120	NHPC Ltd
4	Rangit-II HEP	66	Sikkim Hydropower Ventures Pvt Ltd
5	Panan HEP	300	Himagiri Hydro Energy Pvt Ltd

3.4 TRANSMISSION AND DISTRIBUTION NETWORK IN THE STATE

Power Department, Government of Sikkim, is the deemed licensee for Distribution and Transmission of electricity within the State and it owns and operates Transmission and Distribution network in the State. The details of the Transmission and Distribution network owned and being operated by the PDS as on 31st March, 2024 are as given below:

I. Power Transformers

Sl No	Description (MVA)	Quantity (No)	Total Capacity (in MVA)
1	2.5 MVA	8	20
2	5 MVA	25	125
3	6MVA	1	6
4	7.5 MVA	6	45
5	10 MVA	12	120
6	15 MVA	1	15
7	20 MVA	1	20
8	50 MVA	2	100
	Total	**56**	**451**

II. Distribution Transformers

Sl No	Description KVA	Quantity (No)	Total Capacity (In KVA)
1	3500	2	7000
2	3000	2	6000
3	2500	8	20000
4	2000	4	8000
5	1600	5	8000
6	1500	8	12000
7	1250	4	5000

8	1100	1	1100
9	1000	3	3000
10	800	5	4000
11	750	17	12750
12	650	1	650
13	630	4	2520
14	615	6	3690
15	500	172	86000
16	400	11	4400
17	350	9	3150
18	315	46	14490
19	300	103	30900
20	250	72	18000
21	200	157	31400
22	150	35	5250
23	125	40	5000
24	100	490	49000
25	75	1	75
26	63	661	41643
27	50	150	7500
28	25	1025	25625
29	16	1	16
30	10	314	3140
Total		**3373**	**421859**

III. EHT Lines, HT Lines and LT Lines

Sl No	Description	Length	Length
A	EHT Lines	(Ckt.Km)	
1	220KV	NIL	10.00
2	132KV	75.40	68.50
3	66 KV	432.10	404.90
	Total EHT Lines	**507.50**	**483.40**
B	**HT Lines**	(Ckt.Km)	
1	11 KV (Over Head)	3214.00	3277.82
2	11 KV (Underground)	264.84	239.44
	Total Ckt.Km	**3478.84**	**3517.26**
C	**LT Lines**	(Ckt Km)	
1	LT (Over Head)	4982.00	5092.92
2	LT (Underground)	229.94	328.14
3	LT AB cable	48.54	48.54
Total Ckt.Km		**5260.48**	**5469.60**

4. BRIEF SUMMARY OF OBJECTIONS RAISED, RESPONSE OF PDS AND COMMENTS OF THE COMMISSION

The details of the "Public Hearing Process" have been already discussed in Chapter 1. The Power Department, Government of Sikkim issued Public Notice in local newspapers soliciting views, comments, suggestions and objections from the consumers, general public, organizations, parties and stake holders on the ARR and Tariff proposal for F.Y. 2025-26.

Through the Public Notice, the Department advised that all kinds of objections and suggestions if any, be filed before the Secretary of the Commission latest by **10th January 2025.** The public notice was published by the Department in the following local newspapers:

iii. Sikkim Express (English)-------------18th December 2024

iv. Dainik Mirmiray (Nepali)-----------18th December 2024

The ARR and Tariff Petition were also uploaded in the official website of the Department and copies were made available to the public free of costs at designated offices of the Department. The Commission also uploaded the ARR and Tariff Petition in its official website for information of the public and other stake holders.

In response to the public notice issued by the Department, written suggestions/comments were received from the two following stake holders:

1. Bharti Airtel Ltd
2. Cellular Operators Association of India (COAI).

I. Submissions of M/s Bharti Airtel Ltd are reproduced below:

<u>Submission regarding the Multi Year Tariff Proposal for the financial year 2025-26 by the Power Department, Government of Sikkim</u>

1. You would appreciate that digital connectivity brings multifarious benefits to the citizens of the State and is a critical factor in growth and development, empowerment and socio- economic progress of the community, while also contributing substantially to the State GDP.
2. We wish to reiterate the industry's long-standing demand for extending electricity under the industrial tariff category for the telecom industry in the

State. This will provide impetus to further enhancement of digital connectivity and deployment of telecommunication network infrastructure. This support will positively impact the 4G/5G technology rollout by our member Telecom Service Providers (TSPs).

3. Presently, the telecom industry is being charged non-industrial rates, resulting in an undue financial burden on this sector, which works round the clock and touches almost all spheres of business, governance, public utilities, education, medical services, agriculture, tourism, financial services, etc. High electricity tariffs are one of the biggest challenges faced by the rapidly growing telecom industry.

4. It may kindly be noted that the Telecom Regulatory Authority of India (TRAI), in its report titled, "Recommendations on Use of Street Furniture for Small Cell and Aerial Fiber Deployment" dated November 29, 2022, has also recommended that it is justified that telecom sites be provided electricity connection at industrial/utility tariffs.

5. Further, as part of the additional Recommendations of the working group to the Forum of Indian Regulators (FOIR) on 'Cross Sector Collaborative Regulation Between Telecom Regulators and Electricity Regulators' it is stated that "Telecom sites should be provided electricity connection under Utility/Industrial tariff. SERCs may be requested to incorporate the same in their tariff orders."

6. It is humbly submitted that the industry demand for Industrial tariff is also based on the following important considerations:

   a. **The Government of India has accorded 'Infrastructure' status to Telecom service providers as well as Telecom Infrastructure providers since March 2012.**

      i. Furthermore, by way of the Finance Act, 2002, the definition of Industrial undertaking was amended to include in clause (aa) of Sub section 7 of Section 72, as follows:

         A. *"Industrial undertaking" means any undertaking which is engaged in:*

            1. *the business of providing telecommunication services, whether basic or cellular including radio, paging, domestic satellite service, network of trunking, broadband, network and internet services* (inter alia).

b. Judicial classification of Telecom as an 'Industry'

i. A three Judge Bench of the Hon'ble Supreme Court in *General Manager, Telecom v. A. Sreenivas Rao and others,* 1998 AIR SC 656 considered the question whether Telecom Department of Union of India is an *'industry'* and held that according to the test laid down by a Seven Judge Bench in *Bangalore Water Supply and Sewage Board v. A. Rajappa and others* (1978) 2 SCC 213, the Telecom Department of Union of India is an 'industry' within that definition, because it is engaged in an industrial activity and the Department is not engaged in discharging any one of the sovereign functions of the State.

ii. Accordingly, following the decision of the Supreme Court, Telecom infrastructure and services would also come under the classification of 'Industry'.

7. States — Maharashtra, Himachal Pradesh, Gujarat **& Haryana charge same electricity tariff for Industries & Telecom towers.**

8. It is our humble request that you give a considered view to the aforesaid request so that in the State Electricity Tariff Orders, the Telecom Industry's electricity tariff may kindly be placed under "Industrial rates". We would also request no tariff hike for the telecom industry.

We hope that our submission will merit your kind consideration, and we look forward to your urgent and crucial intervention in the matter.

Bharti Airtel Limited
West Bengal including Sikkim & Andaman & Nicobar"

II. Submissions made by Cellular Operators Association of India (COAI):

1. The Telecom Industry wishes to humbly submit its suggestions and comments in response to the Public Notice issued, wherein the Hon'ble Commission had invited suggestions on the Aggregate Revenue Requirement ("ARR") and Tariff Proposals for FY 2025-26.

2. You would appreciate that digital connectivity brings multifarious benefits to the citizens of the State and is a critical factor in growth and development, empowerment and socio- economic progress of the community, while also contributing substantially to the State's Gross Domestic Product (GDP).

3. We wish to reiterate the industry's long-standing demand for extending electricity under the industrial tariff category for the telecom industry in the State. This will provide impetus to further enhancement of digital connectivity and deployment of telecommunication network infrastructure. Further, this support will also positively impact the 5G technology rollout by our member Telecom Service Providers (TSPs) in Sikkim.

4. Presently, the telecom industry is being charged commercial/non-industrial rates, resulting in an undue financial burden on this sector, which works round the clock and touches almost all spheres of business, governance, public utilities, education, medical services, agriculture, tourism, financial services, etc. High electricity tariffs are one of the biggest challenges faced by the rapidly growing telecom industry.

5. It may kindly be noted that the Telecom Regulatory Authority of India (TRAI), in its report titled, "Recommendations on Use of Street Furniture for Small Cell and Aerial Fiber Deployment" dated November 29, 2022, has also recommended that <u>it is justified that telecom sites be provided electricity connection at industrial/utility tariffs</u>.

6. Further, as part of the additional Recommendations of the working group to the Forum of Indian Regulators (FOIR) on 'Cross Sector Collaborative Regulation Between Telecom Regulators and Electricity Regulators' it is stated that "<u>Telecom sites should be provided electricity connection under Utility/Industrial tariff. SERCs may be requested to incorporate the same in their tariff orders".</u>

7. Furthermore, we would humbly submit:

a) By way of the Finance Act, 2002, the definition of Industrial undertaking was amended to include in clause (aa) of Sub section 7 of Section 72, as follows:

> *"Industrial undertaking" means any undertaking which is engaged in the business of providing telecommunication services, whether basic or cellular including radio, paging, domestic satellite service, network of trunking, broadband, network and internet services* (inter alia).

b) Further, Judicial classification of Telecom as an 'Industry':

i. A three Judge Bench of the Hon'ble Supreme Court in *General Manager, Telecom v. A. Sreenivas Rao and others*, 1998 AIR SC 656 considered the question whether Telecom Department of Union of India is an '*industry*' and held that according to the test laid down by a Seven Judge Bench in *Bangalore Water Supply and Sewage Board v. A. Rajappa and others* (1978) 2 SCC 213, the Telecom Department of Union of India is an 'industry' within that definition, because it is engaged in an industrial activity and the Department is not engaged in discharging any one of the sovereign functions of the State.

ii. Accordingly, following the decision of the Supreme Court, Telecom infrastructure and services would also come under the classification of 'Industry'.

c) Classification of Telecom under the "Industrial Category" for the purposes of electricity tariff in Maharashtra and Himachal Pradesh:

i. In exercise of the powers vested under the Electricity Act, 2003, the Maharashtra State Electricity Distribution Company Limited, videits Commercial Circular No. 323 dated April 03, 2020, has made applicable the electricity tariff for telecom infrastructure and services under "Industrial Category" instead of "Commercial Category". This action emphasizes the prudence and viability of the proposed classification.

ii. As part of the Fourth Annual Performance Review Order for the 4th MYT Control Period (FY20-FY24) and Determination of Tariff for FY24 and True-up of FY22 of the 4th MYT Control Period for Himachal Pradesh State Electricity Board Limited (HPSEBL), on March 31, 2023, the Himachal Pradesh Electricity Regulatory Commission has categorized telecommunication towers under the industry (General) Tariff Category.

8. <u>Our Request</u>:
The Telecom industry requests that telecommunications should be charged under the "Industrial Tariff" category and there should not be any tariff hike impacting the telecom Industry.

We hope that our submission will merit your kind consideration, and we look forward to your urgent and crucial intervention in the matter.

Thanking you in anticipation

Sincere regards

Sd/-

(Arun Das), Head -Legal & Regulatory.

<u>Response of Power Department:</u>

The submissions of both M/s Bharti Airtel Ltd and COAI are of similar nature and the prayers are also the same. Presently, the Telecom Service providers are placed under "Commercial Category" and both tariff and Fixed Charge for this category in Sikkim are one of the lowest in the country. The Department has no objection in accepting the prayers of M/s Bharti Airtel Ltd and COAI for including them under Industrial Category. At the same time, the Department highlights that the fixed charge and tariff of Commercial Category is lower than that of Industrial Consumer.

So far as request for not increasing the tariff for the Telcom sector is concerned, it may be seen that the tariff for this category is not only one of the lowest in the country as highlighted earlier but also that no major hike in tariff of electricity has been done in Sikkim since last many years. The Department has to depend on imported power to meet the growing demand of power by purchasing thermal power at high tariff but the average tariff being charged to the consumers is very less. Although, the ideal condition for financial wellbeing of the Department demands fixing of 'cost reflective tariff", the Department has proposed only nominal hike in tariff for all category of consumers for F.Y. 2025-26.

Comments of the Commission:

The prayers and submissions of both M/s Bharti Airtel Ltd and COAI for placing them under Industrial Category is not only reasonable but legally justifiable in view of the judgment of the Hon'ble Supreme Court and also the recommendations of TRAI and FOR. The Commission has no reservations in placing them under Industrial category. However, as pointed out by the Department, the fixed charge and tariff being charged to the Telecom sector under "Commercial Category" are much lower than that of "Industrial Category" in Sikkim and therefore placing them under Industrial Category would result in higher cost for the Telecom sector. Therefore, the Commission deems it fit to continue placing the Telcom sector under 'Commercial Category' for the time being.

The function of the Commission, as mandated by the Electricity Act, 2003, is to strike a fine balance between safeguarding the interests of the consumers and sustainable financial health of the Discom for overall growth of the power sector. The prayers of the M/s Bharti Airtel Ltd and COAI for not increasing the tariff and the submissions/justifications given by the Department for nominal tariff hike proposed in the petition have been noted by the Commission while finalizing this Order.

<u>VIEWS/SUGGESTIONS AND OBJECTIONS RAISED/ GIVEN BY THE PUBLIC AND OTHER STAKE HOLDERS DURING THE PUBLIC HEARING.</u>

The Commission, with the aim of obtaining the views and suggestions of the consumers and stake holders, issued notices for Public Hearing on the proposed ARR and Tariff proposals. In order to get maximum participation from the public and stake holders, the Commission published the ‘public notice’ in two widely circulated local newspapers in two different issues.The Public Hearing was held on 20th February 2025 in the Court Room of the Commission, Deorali, Gangotk from 10.30 AM to 2.30 PM for all categories of consumers. The details of the Public Notice published by the Commission are as under:

- **Sikkim Express (English)---------23rd January 2025 & 7th February 2025**
- **Hamro Prajashakti (Nepali)-----23rd January 2025 & 7th February 2025**

Proceedings of the Public Hearing

The Public Hearing commenced at 10.30 AM in the Court Room of the Commission. The Hearing was held in the presence of the Chairperson. The Secretary and Officers of the Commission and the Secretary (Revenue), Principal Chief Engineer (Revenue), senior officials of the Department and representatives of Sikkim Hotel & Restaurant Association and other individuals attended the Public Hearing.

The views, suggestions, comments and objections received from the public and other stake holders, the response given by the Power Department and the comments of the Commission are as given hereunder:

1. Queries /Points raised and submissions made by Ms. Sradha Sharma, President of Sikkim Hotels & Restaurants Association (SHRA):

In response to the public hearing notice issued by the Hon’ble Commission, we have submitted a representation to SSERC to review the tariff being charged to Hotels and also reducing the Demand Charge considering the fact that hotels don’t have bookings throughout the year and room occupancy varies season to season. Further, the hotel business is yet to recover from the impact of Covid pandemic and the GLOF calamity in 2003 and the high tariff coupled with Demand Charge are seriously impacting the hotel owners. Unlike other business units like pharmaceuticals/manufacturing industries, hotel business is dependent on so many factors like road conditions, weather, strikes etc. and hotel owners/operators face tremendous losses due to cancellation of booking due to road blockage, bad weather, strikes and pandemics and therefore t relief must be given to hotel by way of decreasing the tariff and Demand Charge. Keeping in view the seasonal pattern of connected load, the hotels should be given the option of changing the Load Demand 4(four) times a year considering seasonal flow of tourist in Sikkim. Unless some relief is given to local hotel owners/operators by way of reduction in Demand Charge and Tariff, the increasing cost of power and other services is set to cripple the hotel business in Sikkim and therefore a separate tariff category may be created for hotels.

The Demand Charge and Tariff in Sikkim are comparatively high compared to other States. In Odisha the tariff is around ₹ 4.00 per unit, which is good for the growth of tourism/hospitality sector. We are not asking for subsidy but only requesting the Department to give some relief in Demand Charge by making it flexible.

That the Department has also issued notices to hotels and other commercial units to mandatorily install own transformer in the event of the load being more than 25KVA, which is contradictory to the regulations notified by the SSERC. Hotels and commercial units are already struggling due to poor business and the directives of the Department to install own transformer is going to further add to the woes of the units. The Department should allow the customers to 'install joint transformers' which will help reduce the burden and also solve the issue non-availability of space for transformer installation. The consumers are also ready to install their own transformer, for which a time of around 1 to 2 years should be given.

Response of the Power Department:

- Demand Charge is not a new thing that the Department is proposing. Demand charge is a part of tariff and the same is there since last many years throughout the country including Sikkim. Demand Charge is one of the ways adopted by the Discoms to restrict over drawal of power in excess of the sanctioned load and to prevent power loading of the distribution system and infrastructure.
- Demand charge has been made applicable since many years but most of the hotels are not paying it and the department is incurring heavy revenue loss due to unchecked demand. In many areas like MG Marg and Pelling, the hotels are drawing power more than their sanctioned load thereby crippling the infrastructure of the Department. Unless demand charges as per actual power drawal is not realized, the Department will continue to incur losses and ultimately rendering it unable to provide service to the public. As such, it is practically not feasible to do away with the Demand Charges.
- Some hotels are found using more than two connections in order to escape payment of Demand Charges causing problems for other consumers. The tariff and demand charges approved by the Commission are already notified by the Department and are applicable to consumers as per their respective consumer category.
- The Department also understands the seasonal pattern of business of hotels and have been requesting them to install Maximum Demand Indictor (MDI) and smart prepaid meters, which will help them to get an exact idea of their energy consumption and load. Unlike smart

meters, post-paid meters don't have the facility to measure maximum demand and it will take some time to complete the smart meter installation. Therefore, the best option for the consumers is to install MDI.

- The Demand Charge and Tariff in Sikkim are one of the lowest in the country. Despite the Department facing financial issues and losses, the Tariffs in Sikkim have not been hiked for last few years. SSERC had approved hike in tariff few years back and the hike approved was very minimal as compared to the hike proposed by the Department.
- The Department had issued notices to hotels and commercial establishment in the State to install their own transformer if their load is more than 25 KVA and in the said notice the load was erroneously mentioned as 25 KVA in lieu of 50 KVA as per the regulation notified by SSERC. The Department extremely regrets the mistake and assures that strict instructions will be issued to all concerned officers in this regard.
- The Department has already permitted consumers to install "joint transformers" keeping space constraint especially in major towns and cities. Shared transformer, may develop faults and supply may be disrupted and reliability is not there. Independent transformers are more reliable.
- The Department has been interacting with the representatives of hotels sector and have been very patiently hearing their grievances/issues and guiding them in ways to minimize their loads. The Department is always ready to guide and give technical assistance regarding selection of appropriate transformer capacity and installation of MDI by consumers.
- Presently, there is provision for allowing 'one' change of Demand Load in a year. All consumers enter into a contract agreement with the Department and the maximum demand of the consumer is fixed as per the contract agreement. A consumer is required to pay Demand Charge as per the contracted demand and therefore providing option of seasonal Demand Load change will require revisiting/amending the contract agreement as well, which will create further complications. Therefore, the request for keeping option to change the Demand Load on seasonal basis is not feasible as it will create many issues for the Department.

Comments of the Commission:

As clarified by the Power Department, Demand Charge is an integral part of Tariff and Demand Charges are levied by all States. In all the tariff orders issued by SSERC in the past, there is provision for levying of Demand Charge in addition to the energy charges depending on the consumer category/load demand. Doing away with Demand Charge completely is not practical. Demand Charge is payable by consumers for the reason that based on the "contracted demand", the Department/Discom has to provide the necessary infrastructures and maintain the 'supply' at the appropriate voltage/demand level at all the times to meet the contracted demand, which involves investment/cost and Demand Charge is a way provided for recovery of the cost.

Considering technical difficulties, it may not be feasible to have option for changing the "Demand Charge" on seasonal basis of 4 (four) times a year. The consumers need to be very careful in choosing the 'contracted demand' to ensure that the demand is neither too 'under' or too 'over' the actual demand to avoid penalties for over drawal or payment of unnecessary Demand Charges due to excessive load indicated in the contract demand. Both the Department and consumers may deliberate on the 'feasibility' of allowing more than one time changing of Demand Load per year and if a feasible way is found, the same need to be conveyed to the SSERC. In the meanwhile, it is advisable that consumers take the advice of the Department to install MDI and smart meters to keep track of their load and energy consumption, which will help the consumer to get a clear idea of the actual load, based on which the contract demand may be decided by the consumer.

Despite petitions received from the Department in the past years for hiking tariff, the Commission has not approved the tariff hikes proposed/prayed by the Department in toto. The Commission has not allowed major hike in tariff since last many years despite the fact that the actual tariff hike required to fill the revenue gap is very high. Although, tariff is to be 'cost reflective', the Commission has allowed only a fractional recovery of cost to the Department in the past through nominal tariff revision and thus tariff in Sikkim is one of the lowest in the country.

The idea of permitting installing 'joint transformers' by consumers needs to be encouraged by the Department as it will help not only reduce the burden on consumers but also solve the problem of space constraint. The Department should proactively help and guide the consumers in selecting appropriate capacity of transformers and also installing MDI and smart meters.

It is inappropriate on the part of the Department to issue notices to consumers that contradict the provisions of the regulations notified by the Commission. The Department is advised to strictly 'adhere to the regulations" so far as the load limit for mandatory installing of transformers by consumer is concerned and for all other matters for that matter. The Department is directed to issue necessary instructions to its officers to correctly interpret the regulations before issuing any notice/directives to the consumers. The Department is directed to issue a 'corrigendum' and not to repeat such lapses in the future.

The Commission has taken into account the difficulties of the Department vis-à-vis the issues/grievances and prayers of the Sikkim Hotel & Restaurant Association while finalizing the tariff order.

2. Query/Points raised by Shri Rajan Suprabhat Raja, CEO , Skipping Stones Pvt Ltd.

Unlike other large business units, hotels don't get bookings during the off season and as such hotels find it very difficult to pay the Demand Charge. In addition to Demand Charge, huge payments have to be made to the hotel staff and other services. Therefore, it is prayed that the option for seasonal Demand Charge be provided, preferably to be made quarterly. Hotel business should not be placed in the same category as other industries. Hotel business is dependent on many factors including government infrastructures like road. Our business gets affected by natural causes like rain, bad weather etc. and there is no guaranteed income throughout the year. Our business is very volatile in nature and bookings get cancelled without advance notice incurring heavy losses to the Hotel owners/Operators. Considering the volatile nature of our business and to allow growth of the sector, we request not to hike the Demand Charge or the tariff and also for creating a separate category of Demand Charge for Hotel Business. Sufficient time for installation own transformer needs to be given to the consumers.

Response of the Power Department:

- Demand Charge is levied PAN India and it is not specific to Power Department alone. There are many technical difficulties to devise a system for giving consumers the option of changing the Demand Load multiple times in year. Demand Charge is levied based on the 'contract demand' mentioned in the 'contract agreement' executed between the consumer and the Department and not based on day to day or season to season changes in load demand of the consumers.
- Creating a sperate consumer category with separate Demand Charge for Hotels alone is also not practical. If the Department starts with one then it will open a "flood gate" and almost all business units will come up with similar demands, making it impractical for the Department to operate.
- Presently, SSERC regulations mandate that all consumers whose load exceeds 50 KVA have to mandatorily install their own transformers. In the interest of the consumers, the Department is willing to raise the same to 100 KVA and above, if the Commission approves, to give relief to the consumers.

Comments of the Commission:

The issues being raised being similar in nature to that raised by Sikkim Hotel & Restaurant Association earlier, the Commission's comments on Demand Charge and Tariff stand furnished above. So far as the Department's willingness to change the limit for mandatory installation of own transformer by consumers is concerned, the Commission has no reservation in approving the same in the interest of the consumers, for which the Commission will initiate the necessary steps for amending the relevant regulations. In the meantime, the Commission has revised the load limit to "100 KVA & above" for mandatory installation of transformer by consumers in this Order, to be followed by notification of regulations at a later stage.

3. Queries /Points raised and submissions made by Shri Tshewang Lama, Owner of Garuda Hotel Group and Member of SHRA).

Sikkim has allotted so many Hydro projects and what are the benefits to the public from all these projects?

Response of Power Department:

- There are three categories of hydropower projects in Sikkim viz Projects under Central Generating Units like NHPC Ltd, Projects under Independent Power Producers (IPP) like Teesta Urja Ltd and Small Hydro Projects of the State leased to Private Developers like Hanuman Ganga Hydropower Pvt Ltd.
- State Government was getting around ₹ 35.00 crores per annum from NHPC Projects and from IPP projects, we get 12% free power share. Whereas some small quantity of free power is available from Small Hydropower projects leased out to Private Developers. Our total power requirement is around 700 MUs and the free power from all the hydropower projects is used to meet the power requirement of the State and the excess free power is traded in the exchange and earn revenue for the State.
- After the GLOF in 2023, the power generation from projects like 96 MW Dikchu HEP, 510 MW Teesta-V HEP and 1200 MW Teesta III HEP has totally stopped. As a result, the share of free power available to the State has dropped significantly and now we have to buy additional thermal & other power at high tariff to meet our power requirement. Prior to the GLOF, in addition to free power and share from the Central Government, we used to buy some extra power from outside to meet the requirement of Sikkim. Post GLOF, power purchase has increased almost three times and the cost of thermal power from Bihar costs almost ₹ 9.00 per unit. The Department has been buying power at a very high rates and supplying it to the public at much cheaper rate.

- The benefits of the hydropower projects may not be going directly to the public, the proceeds from the sale of free power have helped the State from buying of high-cost thermal power and also extra revenue by way of sale of excess power. In addition, in Panchayat areas 100 units of power is being given totally free. Thus, supply of power to State's consumers at low rates, free power to rural households and reduction in power import cost are some of the benefits of having hydropower projects.

Comments of the Commission:

The Commission endorses the correctness of the response given by the Department. The impact of GLOF on the power sector of Sikkim is known to one and all. Post GLOF, the power supply, sale and import figures have seen drastic changes and Sikkim has suffered huge revenue loss. The stoppage of generation of power due to GLOF and huge reduction in the free power share has severely impacted the demand and supply scenarios in the State. The Department has the challenge of providing uninterrupted power supply to the consumers on the one hand and the rising cost of import of high-cost thermal power on the other hand. Despite the challenging situation, the Department has not stepped back from its duty of providing power at reasonable rates. The impact of having good power generation within the State is visible on the lives of common people. Shortage of power generation has forced the State into importing high-cost thermal power, enormously raising the power purchase cost, which ultimately has to be recovered through some hike in tariff applicable to the consumers.

4. Queries /Points raised and submissions made by Shri Samrat Pradhan –Hotel owner Samrat/Member of SHRA.

After the GLOF, all the hotels/hospitality business has been severely impacted. We are yet to recover ourselves from the losses caused by GLOF and also by the Corona Pandemic earlier. At this difficult juncture, all the Revenue earning departments of the State like Forest, PHE, Water Supply, SNT/Motor Vehicle etc. have either increased the service charges or are proposing to increase the charges, which will not allow the sector to recover and will have an adverse impact on the growth of the sector. The Department must provide some relief to the sector, if the sector is to grow in the future.

Some of the hotel owners and local entrepreneurs are already switching to green power by installing Rooftop Solar Power in their premises but the rate of Solar panels being quoted by the empaneled suppliers in Sikkim is very high compared to that of suppliers/vendors from outside Sikkim. The cost of solar rooftop installation is also very high in Sikkim. The Department/concerned agency for Renewable Energy needs to take necessary action to regulate the rate to encourage entrepreneur and also help the consumers/interested entrepreneurs to get in touch directly with the panel manufacturers to reduce the cost.

Response of Sikkim Renewable Development Agency (SREDA):

- State Government is making a solar policy and the matter is under process. Inputs/comments of SSERC have also been obtained recently and the policy is expected to be notified soon.
- Under Pradhan Mantri Yojana, the Government of India is providing subsidy of 60% for capacity upto 2 KW for residential consumers. Around 440 people from Sikkim have expressed their interest to take benefit under this yojana and awareness campaign has also been started by SREDA.
- There is possibility of incorporating the subsidy scheme of GOI with the Chief Minister Rural Housing Scheme (CMRHS), which will immensely benefit the house owners and also add the renewable energy capacity of the State.
- SREDA already has a portal wherein interested consumers can register themselves and get access to all the information on the various schemes/procedures etc.
- There is no compulsion on the consumers to buy the panels from the vendors empaneled with SREDA. For competitive rates, consumers have the liberty to buy the panels from outside. The solar installation cost is higher in Sikkim due to higher transportation and labor charges in Sikkim. However, the cost does not exceed the

benchmark price set by the Government of India and standardization of initial cost has been done in the Solar policy framework.

Comments of the Commission:

The framing of Solar Policy falls within the purview of the State Government and the Commission has no jurisdiction on matters of policy. The Commission is mandated by the Electricity Act, 2003, to give its advice/suggestions on any matter referred to it by the Government and accordingly SSERC has given its comments on the draft solar policy. The Commission will be guided by the policy decisions of the State Government and will provide the regulatory framework necessary for overall growth of the power sector including solar energy, which falls within the ambit of Renewable Energy.

SREDA and Sate Load Despatch Centre (SLDC) have been designated as the State Agency and the Nodal Agency for Renewable Power by the Commission. Both the agencies have well defined roles and functions to perform and as such are responsible to provide a very easy and simple platform for development of solar power in the State. The agencies need to provide all possible help and information to the consumers and entrepreneurs, which will ultimately benefit the power sector.

5. Queries /Points raised and submissions made by Shri Sonam Gyaltsen – Owner of Sonam Delek and Member of SHRA.

There is utter lack of awareness and information regarding Solar Power Technology, benefits and maintenance of solar panels. The solar panels installed in Wellness Park, Gangtok, are not being cleaned. The concerned Department/Agency needs to give wide publicity about solar powers. The Department also has to go for underground cabling to improve visual aesthetics.

Response by SREDA & Power Department:

- Awareness program regarding Solar Energy and Solar power is being done regularly. SREDA has already organized camps for public during Maghey Mela at Jorethang. However, the villagers were hesitant to install the same at their houses.
- Solar Energy technology is a recent thing for Sikkim and it is still a learning process for us and the public. As time progresses, the technology will see more acceptance and also our service quality will improve. The Department and SREDA are collectively working in tandem to address the issues and bring in more public participation.
- Underground cabling is being done by the Department under various schemes and the same is completed for few towns and bazars. The department is trying to cover all the areas in the future.

Comments of the Commission:

The Commission has already notified the Net Metering Regulations for residential consumers and set 500 KWp as the upper limit. For gross metering regulations, the Commission will frame the regulations once the State Solar Policy is notified by the State Government.

The Commission has time and again directed the Department and SREDA to give maximum public awareness on Rooftop Solar and other Renewable Energy for the benefit of the public. Any new technology takes both time and effort for acceptance by the public and therefore more effort is needed to convince the people for adopting new technology like rooftop solar.

5. Queries /Points raised and submissions made by Shri Rajan Suprabhat, CEO , Skipping Stones Pvt Ltd.

Once the Demand Charge is set in the MDI or smart meter and the consumer starts regularly paying the Demand Charge/Energy Bill, what happens in case there is power failure or power cuts, will the consumers be compensated for failure on the part of the Department?

Response of the Department:

- Load shedding has been stopped by Power Department. Power outages may happen due to unavoidable reasons like 'shut downs for improving infrastructure', natural causes like storms/sever lightning, landslides etc.
- For carrying out repair works/infrastructure development works, advance notice is always given by the Power Department and the Department is not liable to compensate the consumers for such shutdown of power.
- Sometimes major fault in transmission line, grid failure etc. disrupts the supply and restoration takes considerable time requiring both mobilization of manpower and resources. For such failures of supply, the Department can't be held liable. The Department is always on its toes to try and restore the supply at the minimum duration possible.
- The Department has set up Consumer Call Centre for the benefit of the consumers and all sub-stations have detailed information regarding power cuts, failures and ongoing maintenance works. The customers can contact the engineers/staff manning the sub-stations regarding issues related to power supply.
- The Department has also appointed Consumer Grievance Redressal Forums (CGRFs) in all the districts and the consumers can approach the CGRFs for redressal of their grievances.
- Compensation payable to the consumers due to negligence, if any, of the Department is as per the provisions of the Standard Operating Procedure (SOP) Regulations notified by the SSERC.

Comments of the Commission:

As per the standing standards of supply, load shedding due to power shortage is not permitted. The Department has to mandatorily issue notice and inform the consumers in advance if it intends to take ‘shut down’ for the purpose of repair/maintenance works or infrastructure improvement/upgradation works. Power supply often gets disrupted due to reasons like grid failure, slides, floods, storms and also technical reasons, which are not attributable to the Discom, for such cases, there is no provision for payment of compensation to the consumers. Similarly, for power shut down taken for repair/maintenance and infrastructure improvement/upgradation works, the Discom/Department is not liable to pay compensation.

The Department, however has to mandatorily give advance notice to the consumers if it intends to take a shutdown. The notice needs to be circulated through print/electronic media, social media etc so that the consumers can plan their activities accordingly. The consumers are not aware of the existence of CGRFs and Call Centres and therefore the Department has to make more efforts on public awareness.

6. **Queries /Points raised and submissions made by Shri Tshewang Lama, Owner (Garuda Hotel Group and Member of SHRA).**

The consumers have no information about functioning of the CGRFS and existence of Customer Call Centre. The contact details of all concerned officers/ JEs and designated person of the sub-stations need to be made available among public by the Department. Presently, the customers have to depend on the local line man for power supply related issues and consumers are often asked to contact multiple persons or offices before their grievances are attended to. The Department has to improve/upgrade its customer care/response and grievance redressal mechanism for the ease/benefit of the consumers.

Response of the Department:

- The Department is taking all possible steps to keep the consumers informed about the grievance redressal mechanism and Consumer Call Centre.
- The Department assures to share the contact details of JES and designated officers and also carry out more “public awareness campaigns” in the future.
- The Department is taking all necessary steps to improve the quality of its services.

Comments of the Commission:

One of the areas where the Department needs to focus is ‘public awareness’ and the Commission has time and again issued advisories to the Department stressing the need for creating better public awareness. In the present era of IT/ AI, social media and hosts of other platforms available for public awareness, the Department must ensure that all kinds of information are easily available to the public.

The Department being a revenue earning Organisation has to ensure that consumer grievance is resolved/addressed without any delay. The Commission has reiterated the need for better public awareness and necessary advisory/directives in this regard has been given in the present order.

5. TRUE UP FOR THE F.Y. 2023-24

5.1 Preamble

The Commission had approved the Multi Year ARR for the F.Y. 2021-22 to F.Y. 2023-24 vide its Order dated 26.02.2021 and Final ARR & Tariff order dated 21.03.2023 based on the projected data submitted by the PDS. Now, the PDS has submitted proposals for True up for the F.Y. 2023-24, duly furnishing the actuals for the F.Y. 2023-24.

5.2 Energy Demand (Sales)

The energy sales approved by the Commission, vide its Tariff Order for the F.Y. 2023-24, the actual sales given by PDS, as per audited accounts with the True up Petition for the F.Y. 2023-24 and now approved by the Commission, are summarised in the table below:

Table 5.1: Energy Sales approved by Commission for F.Y. 2023-24 (MUs)

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 26.02.2021	Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Domestics	155.43	158.12	122.93*	122.93
2	Commercial	47.24	50.03	48.37	48.37
3	Public Lighting	0.49	0.54	0.3	0.304
4	Temporary Supply	2.87	3.16	5.36	5.36
5	HT Industrial Consumers	278.68	328.10	271.39	271.39
6	LT Industrial Consumers	2.55	2.87	1.51	1.51
7	Bulk Supply	38.95	22.85	32.58	32.58
8	**Total**	**526.21**	**565.66**	**482.44**	**482.44**
9	Outside State	393.42	365.71	389.06	389.06
10	**Total**	**919.63**	**931.37**	**871.50**	**871.50**

**Domestic Sales includes:0.28 MUs of billed sales to Place of Worship.*

The Commission now approves energy sales for the F.Y. 2023-24 at 871.50 MUs, as per the actuals furnished by PDS.

5.3 Transmission & Distribution Losses (T&D Losses)

In the MYT Tariff Order, the T&D Losses were fixed and as per the trajectory the Commission has fixed the T&D losses at 16% for FY 2023-24. However, PDS has projected T&D losses at 13.59 % in the ARR for the FY 2023-24. The PDS in its True up Petition for the F.Y. 2023-24, has stated that the T&D losses during the F.Y. 2023-24 is 27.11% as per audited accounts.

Commission's Analysis:

The inter-state transmission loss (pool loss) for the F.Y. 2023-24 has been considered at 2.63 % and T&D Loss, when recalculated, is as shown in table below.

Table 5.2: T&D Loss calculation approved by the Commission for F.Y. 2023-24

Sl. No.	Particulars	Units	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Revised T&D losses worked out
1	Own Generation	MUs	14.00	0	0	**0**
2	Energy Purchased from NTPC	MUs	481.55	81.54	328.76	328.75
3	Energy Purchased from WBSEDCL	MUs	48.92	72.65	29.09	29.09
4	Energy Purchased from NHPC	MUs	58.38	54.68	24.95	24.95
5	**Energy Purchased (2+3+4)**	**MUs**	**588.85**	**208.87**	**382.80**	**382.80**
6	Pool Loss	%	2.14%	2.14%	2.63%	2.63%
7	Pool Loss	MUs	12.60	4.67	18.03	10.07
8	**Net Energy Available (5-7)**	**MUs**	**590.25**	**204.2**	**364.77**	**372.73**
9	Energy Purchased from Chukha PTC	MUs	47.43	60.25	18.22	18.22
10	Energy Purchased from SPDC	MUs	41.53	72.5	42.55	42.55

11	Energy Purchased - Mangdechu PTC		0	0	1.55	1.55
12	Energy Purchased from Hanuman Ganga	MUs	0	0	105.57	0
13	PTC Khep		0	0	0.01	0.01
14	UI Purchased	MUs	0	9.35	0	23.48
15	Banking Kreate Purchase		0	0	9.18	9.18
16	Banking APPCL		0	0	123.27	123.27
17	Kundan		0	0	0	105.57
18	IPP		0	0	109.07	0
19	Free Energy	MUs	340.65	674.19	283.41	369.01
20	**Total Energy Available at State Periphery (8 to 19)**	**MUs**	**1,019.86**	**1,020.49**	**1,057.60**	**1,065.58**
21	Outside state sale through UI / Trading	MUs	393.42	178.14	389.06	389.06
22	**Return Banking**		0	187.72	0	0
23	**Net Energy Available for sale within the State (20-21)**	**MUs**	**626.44**	**842.35**	**668.54**	**676.52**
24	Energy Sale within the State	MUs	526.21	565.66	482.44	482.44
25	**T& D LOSS (23-24)**	**MUs**	**100.23**	**276.69**	**186.10**	**194.07**
26	**T&D Loss**	**%**	**16.00%**	**13.59%**	**27.11%**	**28.69%**

Though the Revised T& D losses worked out as 28.69%, the Commission now approves T&D Loss at 16% for the F.Y. 2023-24 as approved in the MYT Order.

5.4 Own Generation

The Commission in its Tariff Order dated 26.02.2021 had approved Own Generation for the PDS at 14.00 MUs for the F.Y. 2023-24 and revised in order dated 21.03.2023 at 0.03 MUs. Now, the PDS has furnished actual own generation as NIL MUs during the F.Y. 2023-24, as detailed in the table below:

Table 5.3: Own Generation approved by the Commission during F.Y. 2023-24

(in MUs)

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Own Generation	14	0.03	0	**0**
2	**Total**	**14**	**0.03**	**0**	**0**

The Commission now approves Own Generation of PDS during the F.Y. 2023-24 at NIL MUs, as per actuals furnished by PDS.

5.5 Power Purchase

The Commission in its Tariff Order dated 26.02.2021 had approved the power purchase quantity of 1018.46 MUs including free power quantity at 340.65 MUs and revised in order dated 21.03.2023 at 1025.16 MUs including free power quantity of 674.19 MUs. Now, the PDS has furnished actual for the F.Y. 2023-24 at 1075.63 MUs including free power of 283.41 MUs in the True up petition for the F.Y. 2023-24, as detailed in table below:

Table 5.4: Power Purchase approved by the Commission during F.Y. 2023-24(MUs)

Sl. No.	Particulars	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
	NTPC				
1	BSTPP I	88.33	0.67	37.29	37.29
2	BSTPP II	0	0	4.05	4.05
3	FSTPP	129.28	0	169.83	169.83
4	FSTPP III	0	0	1.29	1.29
5	KHSTPP-I	68.39	0	2.63	2.63
6	KHSTPP-II	31.34	0	2.82	2.82
7	TSTPP	136.28	0	2.17	2.17
8	DARLAPLI	1.48	65.87	72.64	72.64
9	KBUNL	16.1	0	10.67	10.67

10	NPGCL	10.35	15	22.95	22.95
11	North Karanpura STPS	0	0	2.41	2.41
12	FARAKKA-1 & 2	0	0	0	0
	Total (A)	**481.55**	**81.54**	**328.76**	**328.75**
	NHPC				
9	RANGIT-III, NHPC	4.6	6.00	3.73	3.73
10	TEESTA-V, NHPC	53.78	48.68	21.22	21.22
	Total (B)	**58.38**	**54.68**	**24.95**	**24.95**
	Other				
11	CHUKHA, PTC	47.43	60.25	18.22	18.22
12	PTC Khep	0	0	0.01	0.01
13	WBSEDCL	48.92	72.65	29.09	29.09
14	SPDC	41.53	72.5	42.55	42.55
	Mangdechu PTC	0	0	1.55	1.55
	Hanuman Ganga	0	0	0	0
15	UI/ Deviation	0	0	0	23.48
16	RHPPL	0	9.35	0	0
	Total (C)	**137.88**	**214.75**	**91.42**	**114.9**
	TOTAL (A+B+C)	**677.81**	**350.97**	**445.13**	**468.6**
17	Free Power				
	RANGIT-III, NHPC	0	0	34.14	34.15
	TEESTA-V,NHPC	0	0	225.79	225.79
	IPP	0	0	23.48	109.07
	Total Free Power	**340.65**	**674.19**	**283.41**	**369.01**
	Grand Total	**1018.46**	**1025.16**	**728.54**	**837.61**
18	**Short Term Sources**				
	Banking Kreate Purchase	**0**	**0**	**9.18**	**9.18**
	Banking APPCL Purchase	**0**	**0**	**123.27**	**123.27**
	Kundan HPL	0	0	**105.57**	**105.57**
	IPP	0	0	109.07	0
	Grand Total			**1075.63**	**1075.63**

The Commission now approves power purchase of 1075.63 MUs, including free power of 369.01 MUs during the F.Y. 2023-24, as per the actuals furnished by PDS.

5.6 Energy Balance

The details of energy requirement and availability approved by the Commission in its Tariff Order dated 26.2.2021 and revised order dated 21.03.2023 for the F.Y. 2023-24 and the actuals furnished by the PDS, and now approved by the Commission, are presented in table below:

Table 5.5: Energy Balance approved by the Commission for F.Y. 2023-24

Sl. No.	Particulars	Units	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
A.	**ENERGY REQUIREMENT**					
1	Energy Sales within State	MUs	526.21	565.66	482.44	482.44
2	Sales Outside State (UI)	MUs	0	0	389.06	389.06
3	**Total Energy Sales**	**MUs**	**526.21**	**565.66**	**871.50**	**871.50**
4	Overall T & D Losses %	%	16.00	13.59	27.11	16.00
5	Overall T & D Losses (MUs)	MUs	100.23	88.96	186.10	91.89
6	Total Energy Requirement (3+5)	MUs	**626.44**	**654.62**	**1057.60**	**963.40**
B.	**ENERGY AVAILABILITY**					
1	Own Generation	MUs	14.00	0.03	0.00	0.00
2	Power Purchase from CGS/UI etc	MUs	677.81	350.97	792.22	706.62
3	Free Power	MUs	340.65	674.19	283.41	369.01
4	Overall Pool loss %	%	2.14	2.14	2.63	2.63
5	Less: Overall Pool Loss	MUs	12.60	4.67	18.03	10.07
6	**Total Energy Availability(1+2+3-5)**	MUs	**1019.86**	**1020.33**	**1057.60**	**1065.58**
C.	**ENERGY SURPLUS/ (GAP)**	**MUs**	**393.42**	**365.71**	**0.00**	**102.18**

5.7 Fuel Cost

PDS owns 12 hydro generating stations, with a total installed capacity of 35.70 MWs and 2 diesel-generating stations, with a total installed capacity of 4.99 MWs. The fuel cost approved by the Commission in its Tariff Order dated 26.02.2021 and revised in order dated 21.03.2023, actuals furnished by PDS and the cost now approved by the Commission are given in table below:

Table 5.6: Fuel Cost approved by the Commission for F.Y. 2023-24

(Rs. Crore)

Sl. No.	Particulars	2023 -24 As approved by the Commission in MYT Order dated 26.02.21	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Cost of Fuel	0.18	0.45	0.00	0.00
	Total	**0.18**	**0.45**	**0.00**	**0.00**

The Commission now approves the fuel cost of ₹ Nil for the F.Y. 2023-24, as per actuals furnished by PDS.

5.8 Power Purchase Cost

The Power Purchase Cost approved by the Commission in the Tariff Order for the F.Y. 2023-24 and revised in Order dated 21.03.2023, actuals furnished by PDS and the cost now approved by the Commission are given in table below:

Table 5.7: Power Purchase Cost approved by the Commission for F.Y. 2023-24

(Rs. Crore)

Sl. No.	Particulars	2023 -24 As approved by the Commission in MYT Order dated 26.02.21	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Total Energy Purchased	306.51	107.31	217.10	189.10
2	Transmission & Other Charges	53.04	44.94	38.37	38.42*
	Total	**359.53**	**152.26**	**255.47**	**227.51**

* Transmission charges includes POC/Non POC, ERLDC & Other.

The petitioner has claimed the power purchase cost of ₹ 217.10 Crore and Transmission Charges of Rs. ₹ 38.37 Crore. The petitioner has purchased the excess power due to higher distribution losses. However, the Commission has considered only the approved distribution losses of 16%. Therefore, the excess power is being disallowed by the Commission, accordingly, the Commission now approves power purchase cost of ₹ 227.51 Crore including ERLDC and transmission charges of Rs. 38.42 Crore for the F.Y. 2023-24.

PDS has claimed Rs. 1.66 Crore towards previous year expenses of power cost, the same is verified from Audited Accounts. Accordingly same is allowed separately during 2023-24.

5.9 Employee Cost

The Commission vide its Order dated 26.2.2021, had approved employee cost at ₹ 118.36 Crore and revised in Order dated 21.03.2023 ₹ 194.25 Crore for the F.Y. 2023-24. The PDS has furnished actuals at ₹ 187.51 Crore for the F.Y. 2023-24 and the cost now approved by the Commission for PDS as a whole due to non-availability of segregated audited accounts are given in table below:

Table 5.8: Employee Cost approved by the Commission for F.Y. 2023-24

(Rs. Crore)

Sl. No.	Particulars	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Employee Cost	118.36	194.25	203.52	203.52
	Total	**118.36**	**194.25**	**203.52**	**203.52**

The Commission, now approves ₹ 203.52 Crore towards employee cost for the F.Y. 2023-24.

5.10 Repair and Maintenance Expenses

The Commission vide its Order dated 26.02.2021 had approved Repair & Maintenance Expenses of ₹ 24.74 Crore and revised in Order dated 21.03.2023 ₹ 11.15 Crore for the F.Y. 2023-24. The PDS has furnished actual Repair & Maintenance Expenses at ₹ 12.21 Crore for the F.Y. 2023-24 and the cost now approved by the Commission for PDS are given in table below:

Table 5.9: Repair & Maintenance Expenses approved by the Commission for F.Y. 2023-24

(Rs. Crore)

Sl. No.	Particulars	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Repair & Maintenance Expenses	24.74	11.15	12.21	12.21
	Total	**24.74**	**11.15**	**12.21**	**12.21**

The Commission, accordingly, now approves ₹12.21 Crore towards Repair & Maintenance Expenses for the F.Y. 2023-24.

5.11 Administrative and General Expenses

The Commission vide its Order dated 26.02.2021 had approved ₹ 3.93 Crore towards Administrative and General Expenses and revised in order dated 21.03.2023 ₹ 5.63 Crore for the F.Y. 2023-24. The PDS has furnished actuals at ₹ 3.17 Crore for the F.Y. 2023-24 and the cost now approved by the Commission for PDS are given in table below:

Table 5.10: A & G Expenses approved by the Commission for F.Y. 2023-24

(Rs. Crore)

Sl. No.	Particulars	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Administration & General Expenses	3.93	5.63	3.17	3.17
	Total	**3.93**	**5.63**	**3.17**	**3.17**

The Commission, now approves ₹ 3.17 Crore towards Administrative & General Expenses for the F.Y. 2023-24.

5.12 Gross Fixed Assets

The PDS in its True up Petition for the F.Y. 2023-24, PDS has stated that the values of gross fixed assets performa accounts, as detailed in table below:

Table 5.11: Gross Fixed Assets during F.Y. 2023-24

(Rs. Crore)

Sl. No.	Particulars	Amount
1	Opening Balance	1209.37
2	Addition During The Year	18.39
3	Less Deduction	0.00
	Closing Balance of GFA (1+2)	**1227.76**

Commission's Analysis:

The commission has considered the aforesaid GFA for depreciation calculation as furnished by the PDS and admitted in this order.

5.13 Depreciation

The PDS in its True up Petition for the F.Y. 2023-24, has furnished actuals at ₹ 18.04 Crore for the F.Y. 2023-24.

Commission's Analysis:

The Commission in its Tariff Order dated 26.2.2021 had approved a depreciation of ₹ 24.98 Crore for the F.Y. 2023-24.

Now based on the performa accounts, the Commission calculated Depreciation is shown in the table below:

Table 5.12: Depreciation approved by the Commission for F.Y. 2023-24

(Rs. Crore)

Sl. No.	Particulars	Amount
1	Opening Balance of GFA as on 01.04.2023	1209.37
2	Addition During the Year	18.39
3	Grant received during the year	45.87
4	Closing Balance to end of 31.03.2024(1+2-3)	1181.89
5	Average GFA	1195.63
6	Rate of Depreciation	1.48%
7	**Depreciation**	**17.70**

Petitioner submitted that during the financial 2023-24 it has received grants of Rs 45.87 Cr from Govt of India which has been utilised for implementation of capital projects as mentioned below:

1, Capital Work PSDP

2. Capital Work RDSS

The Grant received has been capitalised in the audited Accounts as capital Grant. The assets created out of the Grant has been accounted for as Fixed Assets Grant Fund .

The Commission accordingly now approves a depreciation of ₹ 17.70 Crore for the F.Y. 2023-24.

5.14 Interest and Finance Charges

The PDS in its True Up Petition for the F.Y. 2023-24, has not furnished interest and finance charges during the F.Y. 2023-24.

Commission's Analysis:

The Commission in its Tariff Order dated 26.02.2021 had not approved any interest and finance charges. PDS has not shown any loans and interest. No interest is allowed in Tariff Order dated 21.03.2023 for the F.Y. 2023-24. **The Commission therefore, does not consider any interest.**

5.15 Interest on Working Capital

The PDS in its True up Petition for the F.Y. 2023-24, has furnished Interest on Working Capital at ₹ 5.10 Crore during the F.Y. 2023-24.

Commission's Analysis:

As per Regulations, 32 of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020, interest on working capital shall be calculated on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency.

Distribution

(a) The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Distribution Wires Business for the financial year, computed as follows:

(i) Operation and maintenance expenses for one month; plus

(ii) Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus

(iii) Receivables equivalent to two (2) months of the expected revenue from charges for use of Distribution Wires at the prevailing tariffs; minus

(iv) Amount, if any, held as security deposits under clause (b) of sub- section (1) of Section 47 of the Act from Distribution System Users except the security deposits held in the form of Bank Guarantees.

(b) Interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the Petition is filed.

Accordingly, the Commission has arrived at the interest on working capital as shown in the Table below:

Table 5.13: Interest on Working Capital calculated by the Commission for F.Y. 2023-24

Sl. No.	Particulars	Total Cost	Working Capital & Interest
1	O & M Expenses		
a)	Employee Cost	203.52	16.96
b)	Repair &Maintenance Expenses	12.21	1.02
c)	Administration & General Expenses	3.17	0.26
2	Maintenance of Spares		
3	Receivables	465.97	77.66
4	Less: Security Deposit		14.78
	Total		**81.12**
5	SBAR as on 01.04.2024		10.25%
	Interest on Working Capital		**8.32**

Table 5.14: Interest on Working Capital now approved by the Commission for F.Y. 2023-24

Sl No	Category	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Interest on Working Capital	8.09	7.38	5.10	8.32
	Total	**8.09**	**7.38**	**5.10**	**8.32**

The Commission now approves interest on working capital at ₹ 8.32 Crore for the F.Y. 2023-24 as against the ₹ 5.10 Crore furnished by PDS.

5.16 Return on Equity

PDS has not claimed any amount towards Return on Equity for the F.Y. 2023-24.

Commission's Analysis:

Regulation 29 of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020, provides for return on equity at 14% PA on the equity amount appearing in the audited balance sheet of the annual accounts.

Since PDS is a State Government Department, the expenses are funded by the Government. **As such, no separate return is to be allowed as return on equity.**

5.17 Non-Tariff Income

PDS has projected non-tariff income at ₹ 8.11 Crore during the F.Y. 2023-24.

Commission's Analysis:

As per Regulation 69 of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020, non-tariff income comprises of:

- Meter /metering equipment/service line rentals
- Service charges
- Customer charges
- Revenue from late payment surcharge
- Recoveries on account of theft and pilferage of energy
- Miscellaneous receipts
- Interest on staff loans and advances
- Interest on advances to suppliers
- Income from other business
- Income from staff welfare activities
- Excess found on physical verification of stores
- Interest on investments fixed and call deposits and bank balances
- Prior period Income

Keeping in view the above types of income the Commission had approved a non-tariff income of ₹ 1.35 Crore in its Tariff Order dated 26.02.2021 and revised in Order dated 21.03.2023 ₹3.05 Crore for the F.Y. 2023-24. PDS now submits a non-tariff Income of ₹ 8.11 Crore as the actuals.

Table 5.15: Non-Tariff Income approved by the Commission for F.Y. 2023-24

Sl. No.	Particulars	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Non- Tariff Income	1.35	3.05	8.11	8.11
	Total	**1.35**	**3.05**	**8.11**	**8.11**

The Commission therefore considers ₹ 8.11 Crore towards Non-Tariff Income for the F.Y. 2023-24, as per the actuals furnished by PDS.

5.18 Revenue from Existing Tariffs for the F.Y. 2023-24

Revenue from existing tariffs approved by the Commission for the F.Y. 2023-24 in the Tariff Order dated 21.03.2023 and actuals furnished by the PDS and now approved by the Commission are furnished in the table below.

Table 5.16: Revenue from Sales approved by Commission for F.Y. 2023-24

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 26.02.2021	Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Domestic			26.26	26.27
2	Commercial			24.55	24.55
3	Public Lighting			0.14	0.14
4	Temporary Supply			3.12	3.12
5	HT Industrial Consumers			244.00	244.00
6	LT Industrial Consumers			1.31	1.31
7	Bulk Supply			21.05	21.04
8	Surcharge on sales			10.71	10.71
9	Total	**312.87**	**350.89**	**331.15**	**331.15**
10	Outside State	118.03	178.14	150.55	150.55
11	**Total**	**430.9**	**529.03**	**481.70**	**481.70**

The Commission now approves revenue from existing tariff at ₹ 481.70 Crore including

revenue from outside sales at ₹ 150.55 Crore for the F.Y. 2023-24, as per the actuals furnished by PDS.

5.19 Aggregate Revenue Requirement (ARR) for the F.Y. 2023-24

The ARR for the F.Y. 2023-24 approved by the Commission in its Tariff Order dated 26.02.2021 and revised in order dated 21.03.2023, actuals furnished by the PDS and now approved by the Commission are furnished in the table below:

Table 5.17: Aggregate Revenue Requirement approved by Commission for F.Y. 2023-24

Sl. No.	Particulars	2023 -24 As approved by the Commission in MYT Order dated 26.02.2021	2023-24 Revised as approved by the Commission in ARR and Tariff order dated 21.03.2023	As per Petition	Now Approved by Commission
1	Cost of Fuel	0.18	0.45	0.00	0.00
2	Cost of Generation	23.31	0.00	0.00	0.00
3	Cost of Power Purchase	306.51	107.31	217.10	189.10
4	Intra State Transmission Charge	53.04	44.94	38.37	38.37
5	ERLDC Fees & Other			38.42	0.04
6	Employee Costs	118.36	194.25	203.52	203.52
7	Repair and Maintenance Expense	24.74	11.15	12.21	12.21
8	Administration and General Expenses	3.93	5.63	3.17	3.17
9	Depreciation	24.98	29.60	18.04	17.70
10	Interest Charges	0.00	0.00	0.00	0.00
11	Interest on Working Capital	8.09	7.38	5.10	8.32
12	Return on equity			0.00	0.00
13	Previous Year Expenses of Power Cost			1.66	1.66
14	**Total Revenue Requirement**	**563.14**	**400.72**	**537.59**	**474.08**
15	Less: Non Tariff Income	1.35	3.05	8.11	8.11
16	**Net Revenue Requirement**	**561.79**	**397.67**	**529.48**	**465.97**
17	Revenue from Tariff	312.87	350.89	331.15	331.15
18	Revenue from Outside State Sales	118.03	178.14	150.55	150.55
19	**Surplus/ (Gap)**	**(130.89)**	**131.36**	**(47.78)**	**15.74**

True up for the F.Y. 2023-24 indicates that the revenue surplus has been arrived to ₹ 15.74 Crore, as against ₹ (130.89) Crore revenue deficit approved by the Hon’ble Commission in the Tariff Order dated 26.02.2021 and Revenue gap of ₹ (47.48) Crore claimed by PDS.

6. REVIEW FOR THE F.Y. 2024-25

6.1 Preamble

The Commission had approved the ARR and Tariffs for the F.Y. 2024-25 in its order dated 13.03.2024 based on the projected data furnished by the PDS. Now the PDS has submitted proposals for review the performance for F.Y. 204-25 duly furnishing data based on the revised estimates for the F.Y. 2024-25.

6.2 Energy Demand (Sales)

Vide its Tariff Order dated 13.03.2024, the Commission had approved energy sales of 563.21 MUs for the F.Y. 2024-25. The PDS in its Review Petition for the F.Y. 2024-25 has submitted the estimated sales considering actual for ascertain period and estimate for the balance period.

Accordingly comparative statements of category-wise energy sales approved by the Commission for the F.Y. 2024-25, estimate by PDS and approved by the Commission are shown in table below:

Table 6.1: Energy Sales approved by the Commission for F.Y. 2024-25 (MUs)

Sl. No.	Category	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Domestic	130.94	126.29*	126.29
2	Commercial	49.19	50.02	50.02
3	Public Lighting	0.92	0.31	0.31
4	Temporary Supply	3.89	5.51	5.51
5	HT Industrial Consumers	343.70	289.15	289.15
6	LT Industrial Consumer	1.94	1.19	1.19
7	Bulk Supply	32.62	34.37	34.37
8	**Total**	**563.21**	**506.84**	**506.84**
9	Outside State		348.68	348.68
10	**Grand Total**	**563.21**	**855.52**	**855.52**

*Domestic sales includes: billed sales to place of worship, domestic subsidy and army pensioners and to the visually impaired.

The Commission now approves energy sales for the F.Y. 2024-25 of 855.52 MUs as projected by PDS.

6.3 Transmission & Distribution Losses (T&D Losses)

The Commission in its order for the F.Y. 2024-25 had fixed the target of T&D Losses at 15%. PDS in its Review Petition for the F.Y. 2024-25, has stated that the estimated T&D Losses during the F.Y. 2024-25 is at 26%.

Commission's Analysis:

The pool loss for the F.Y. 2024-25 is considered at 2.25% and T&D Loss is shown as detailed in table below:

Table 6.2: T&D Loss calculation approved by the Commission for F.Y. 2024-25

Sl. No	Category	Units	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Revised T&D losses Calculation
1	Own Generation	MUs		0	0
2	Energy Purchased from NTPC	MUs	176.97	583.21	583.21
3	Energy Purchased from WBSEDCL	MUs	26.83	46.42	46.42
4	Energy Purchased from NHPC	MUs	25.55	2.51	2.51
5	**Energy Purchased (2+3+4)**	**MUs**	**229.35**	**632.14**	**632.14**
6	Pool Loss	%	2.14%	2.25%	2.14%
7	Pool Loss	MUs	4.91	15.19	13.53
8	**Net Energy Available (5-7)**	**MUs**	**224.44**	**616.95**	**618.61**
9	Energy Purchased from CHUKHA, PTC	MUs	31.54	32.38	32.38
10	Energy Purchased from KHEP PTC	MUs		-	-
11	Energy Purchased from Mangdechu PTC	MUs	1.39	1.21	1.21
12	Energy Purchased from SPDC	MUs	60.37	0	0
	Energy Purchased from Rongli	MUs		23.69	23.69
	Energy Purchased from Lachung	MUs		7.19	7.19
	Energy Purchased from Mangley	MUs			0
	Energy Purchased from chaten	MUs		1.88	1.88
17	Energy Purchased from Kreate Purchase	MUs		-	-
18	Energy Purchased from RTM Purchase	MUs	72.51	-	-
19	Energy Purchased from RHPPL	MUs		-	-
20	Energy Purchased from IPP	MUs		120.95	120.95
21	Banking Kreate	MUs		53.07	53.07

22	Banking APPCL	MUs		15.21	15.21
23	Energy Purchased from Hanuman Ganga	MUs	140.65	-	-
24	Kundan Hydro	MUs		106.58	106.58
25	Free Energy	MUs	244.69	60.78	60.78
26	**Total Energy Available at State Periphery (sum=8 to 25)**	**MUs**	**775.59**	**1,039.89**	**1,041.55**
27	Outside state sale through UI / Trading	MUs		206.44	206.44
28	**Return Banking**	MUs		142.24	142.24
29	**Net Energy Available for sale within the State (13-14)**	**MUs**		**691.21**	**692.87**
30	Energy Sale within the State	MUs		506.84	506.84
31	**T& D LOSS (29-30)**	**MUs**		**184.37**	**186.03**
32	**T&D Loss**	**%**	**15.00%**	**26.13%**	**26.85%**

Though the revised T&D losses worked out as 26.85% However, the Commission now approves T&D Loss at 15% for the F.Y. 2024-25 as approved in the MYT Order.

6.4 Own Generation

At present, PDS is having 12 small Hydro generating stations with a total installed capacity of 35.70 MWs and 2 diesel generating stations with a total installed capacity of 4.99 MWs.

The Commission in its Tariff Order for the F.Y. 2024-25 had not approved any own generation. The PDS in its review Petition for the F.Y. 2024-25, has not furnished any own generation. Therefore, the Commission does not consider and approve own generation.

Table 6.3: Own Generation approved by the Commission for F.Y. 2024-25

Sl. No.	Stations	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Own Generation	0	0	0
	Total	**0**	**0**	**0**

6.5 Power Purchase

The Commission in its Tariff Order dated 13.03.2024 had approved power purchase quantity at 780.50 MUs including free power quantity at 244.69 MUs. The PDS has furnished RE for the F.Y. 2024-25 at 759.27 MUs including free power of 60.78 MUs in Review Petition for the F.Y. 2024-25 as detailed in table below:

Table 6.4: Power Purchase approved by the Commission for F.Y. 2024-25 (MUs)

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	NTPC			
1.1	BSTPP I	30.44	68.15	68.15
1.2	BSTPP II	5.35	3.64	3.64
1.3	FSTPP	4.10	384.04	384.04
1.4	FSTPP III	1.75	1.19	1.19
1.5	KHSTPP-I	1.75	1.39	1.39
1.6	KHSTPP-II	2.49	2.44	2.44
1.7	KKANTI-II/MTS	0	14.87	14.87
1.8	TSTPP	2.92	1.43	1.43
1.9	DARLAPLI	82.71	74.3	74.3
1.1	KBUNL	11.43	0	0
1.11	NPGCL	31.17	28.22	28.22
1.12	North Karanpura STPS	2.86	3.54	3.54
1.13	FARAKKA-1 & 2	0	0	0
	Total (A)	**176.97**	**583.21**	**583.21**
2	**NHPC**			
2.1	RANGIT-III, NHPC	4.57	2.51	2.51
2.2	TEESTA-V,NHPC	20.98	0	0
	Total (B)	**25.55**	**2.51**	**2.51**
3	**Other**			
3.1	CHUKHA, PTC	31.54	32.38	32.38
3.2	KHEP -PTC	0	0	0
3.3	Mangdechu PTC	1.39	1.21	1.21
3.4	WBSEDCL	26.83	46.42	46.42

3.5	SPDC	60.37	0	0
3.6	Rongli	0	23.69	23.69
3.7	Mangley	0	0	0
3.8	Chaten	0	1.88	1.88
3.9	Lachung	0	7.19	7.19
3.10	Kreate Purchase	0	0	0
3.11	RTM Purchase	72.51	0	0
3.12	Hanuman Ganga	140.65	0	0
	Total (C)	**333.29**	**112.77**	**112.77**
	TOTAL (A+B+C)	**535.81**	**698.49**	**698.49**
4	**Free Power**			
	Free Power (Other Sources)	244.69	0	0
4.1	RANGIT-III, NHPC	0	0	0
4.2	TEESTA-V,NHPC	0	44.54	44.54
4.3	UI Free Power	0	16.24	16.24
	Total Free Power	**244.69**	**60.78**	**60.78**
	Grand Total	**780.50**	**759.27**	**759.27**
5	IPP		120.95	120.95
6	**KUNDAN HYDRO**		0	0
	i) RONGICHU		0	0
	ii) MEYONGCHU		37.77	37.77
	iii) KALEZ KHOLA		10.71	10.71
	iv) LLHP		58.1	58.1
	Banking Kreate		53.07	53.07
	Banking APPCL		15.21	15.21
7	**Total**	0	295.81	295.81
8	**Grand Total**	**780.50**	**1055.08**	**1055.08**

The Commission now approves power purchase of 1055.08 MUs including free power of 60.78 MUs during the F.Y. 2024-25.

6.6 Energy Balance

The details of energy requirement and availability projected by the PDS and approved by the Commission for the F.Y. 2024-25 and now approved by the Commission are furnished in table below:

Table 6.5: Energy Balance approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	Units	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
A.	**ENERGY REQUIRMENT**				
1	Energy Sales within State	Mus	563.21	506.84	506.84
2	Sales Outside State (UI)	Mus	0	348.68	348.68
3	Total Energy Sales	Mus	563.21	855.52	855.52
4	Overall T & D Losses %	%	15.00%	26.13%	15.00%
5	Overall T & D Losses (MUs)	Mus	99.39	184.55	89.44
6	Total Energy Requirement (3+5)	Mus	**662.60**	**1040.07**	**944.96**
B.	**ENERGY AVAILABILITY**				
1	Own Generation	Mus	0	0.00	0.00
2	Power Purchase from CGS / UI etc.	Mus	535.81	994.31	994.30
3	Free Power	Mus	244.69	60.78	60.78
4	Overall pool loss	%	2.14%	2.25%	2.14%
5	Overall pool loss	Mus	9.5	15.91	13.53
6	Total Energy Availability (1 + 2 +3 -5)	Mus	**771.00**	**1,039.18**	**1,041.55**
C	**ENERGY SURPLUS/ (GAP)**	Mus	**108.41**	**(0.89)**	**96.59**

6.7 Fuel Cost

The Commission in its Tariff Order for the F.Y. 2024-25 had not approved any fuel cost. The PDS in its review Petition for the F.Y. 2024-25, has not furnished any fuel cost. Therefore, the Commission does not consider and approve fuel cost.

Table 6.6: Fuel Cost approved by the Commission for F.Y. 2024-25

Sl. No.	Stations	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Cost of Fuel	0	0	0
	Total	**0**	**0**	**0**

6.8 Cost of Generation

The Commission in its Tariff Order for the F.Y. 2024-25 had not approved any cost of generation. The PDS in its review Petition for the F.Y. 2024-25, has not furnished any cost of generation. Therefore, the Commission does not consider and approve cost of generation.

Table 6.7: Cost of Generation approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Cost of Generation	0	0	0
	Total	**0**	**0**	**0**

6.9 Power Purchase Cost

The Power Purchase Cost approved by the Commission in Tariff order for the F.Y. 2024-25, RE furnished by the PDS and now approved by the Commission are furnished in table below:

Table 6.8: Power Purchase Cost approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Total Energy Purchased	162.59	264.1	238.44
2	Transmission & Other Charges	37.73	40.29	40.29
	Total	**200.32**	**304.39**	**278.73**

The Commission now approves the power purchase cost of ₹ 278.73 Crore for the F.Y. 2024-25, as per RE furnished by PDS.The PDS has claimed previous year power purchase of Rs. 1.82 crore which is not considered by the Commission for review purpose.

6.10 Intra State Transmission Charges

The Intra State Transmission Charges approved by the Commission in Tariff Order for the F.Y. 2024-25, RE furnished by PDS and now approved by the Commission are furnished in table below:

Table 6.9: Intra State Transmission Charges approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Intra State transmission Charge	37.73	40.29	40.29
	Total	**37.73**	**40.29**	**40.29**

The Commission now approves Intra State Transmission Charges of ₹ 40.29 Crore for the F.Y. 2024-25, as per RE furnished by PDS.

6.11 Employee Cost

The employee cost approved by the Commission in Tariff Order for the F.Y. 2024-25, RE furnished by PDS and now approved by the Commission are furnished in table below:

Table 6.10: Employee Cost approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Employee Cost	216.63	208.45	208.45
	Total	**216.63**	**208.45**	**208.45**

The Commission now approves the employee cost of ₹ 208.45 Crore for the F.Y. 2024-25, as per RE furnished by PDS.

6.12 Repair and Maintenance Expenses

The Repair & Maintenance Expenses approved by the Commission in Tariff Order for the F.Y. 2024-25, RE furnished by PDS and now approved by the Commission are furnished in table below:

Table 6.11: Repair & Maintenance Expenses approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Repair & Maintenance Expenses	8.85	13.43	13.43
	Total	**8.85**	**13.43**	**13.43**

The Commission now approves ₹ 13.43 Crore towards Repair & Maintenance Expenses for the F.Y. 2024-25, as per RE furnished by PDS.

6.13 Administrative and General Expenses

The Administrative and General Expenses approved by the Commission in Tariff Order for the F.Y. 2024-25, RE furnished by PDS and now approved by the Commission are furnished in table below:

Table 6.12: A & G Expenses approved by the Commission for F.Y. 2023-24

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Administration & General Expenses	3.15	3.49	3.49
	Total	**3.15**	**3.49**	**3.49**

The Commission now approves ₹ 3.49 Crore towards Administrative & General Expenses for the F.Y. 2024-25, as per RE furnished by PDS.

6.14 Gross Fixed Assets

PDS has not filed the information of GFA for review of FY 2024-25.

Table 6.13: Gross Fixed Assets furnished by PDS for F.Y. 2024-25

Sl. No.	Particulars	Amount
1	Opening Balance	Not filed
2	Addition During The Year	Not filed
3	**Closing Balance (1+2)**	Not filed

Commission Analysis:

The closing balance of True Up order for F.Y. 2023-24 has been taken as opening balance of GFA for F.Y. 2024-25.

6.15 Depreciation

The PDS in its review petition has furnished depreciation of ₹ 26.72 Crore for the F.Y. 2024-25.

Commission's Analysis:

The PDS has not furnished the calculation at which the amount of depreciation further in response to data gap, PDS has filed assets addition of Rs. 1.05 Crore during FY 2024-25. As such the depreciation has been worked out accordingly as detailed in table below:

Table 6.14: Depreciation approved by the Commission for 2024-25

Sl. No.	Particulars	Amount
1	Opening Balance of NFA as on 01/04/2024	1181.89
2	Addition During the Year	1.05
3	Closing Balance to end of 31/03/2025(1+2)	1182.94
4	Average GFA	1182.41
5	Rate of Depreciation	1.48%
6	**Depreciation**	17.50

The Commission accordingly approves depreciation at ₹ 17.50 Crore for the F.Y. 2024-25.

6.16 Interest and Finance Charges

The PDS has not projected interest and finance charges during the F.Y. 2024-25.

Commission's Analysis:

The Commission in its Tariff Order dated 13.03.2024 had approved interest and finance charges of **₹** 2.94 Cr. for the F.Y. 2024-25. In review petition the PDS has not shown any interest and finance charges during the F.Y. 2024-25. **As such the Commission has not considered interest and finance charges during the F.Y 2024-25.**

6.17 Interest on Working Capital

The PDS has furnished interest on working capital at ₹ 5.43 Crore during the F.Y. 2024-25.

Commission's Analysis:

As per Regulations, 32 of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) 2020, interest on working capital shall be calculated on normative basis notwithstanding that the Licensee has not taken working capital loan from any outside agency.

Distribution

(a) The Distribution Licensee shall be allowed interest on the estimated level of working capital for the Distribution Wires Business for the financial year, computed as follows:

(i) Operation and maintenance expenses for one month; plus

(ii) Maintenance spares at one (1) per cent of the historical cost escalated at 6% from the date of commercial operation; plus

(iii) Receivables equivalent to two (2) months of the expected revenue from charges for use of Distribution Wires at the prevailing tariffs; minus

(iv) Amount, if any, held as security deposits under clause (b) of sub- section (1) of Section 47 of the Act from Distribution System Users except the security deposits held in the form of Bank Guarantees.

(b) Interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the Petition is filed.

Accordingly, the interest on working capital works out to ₹ 10.88 Crore, as detailed in table below:

Table 6.15: Interest on Working Capital calculated by the Commission for F.Y. 2024-25

Sl. No.	Particulars	Total Cost	Working Capital & Interest
1	O & M Expenses		
a)	Employee Cost	208.45	17.37
b)	Repair & Maintenance Expenses	13.43	1.12
c)	Administration & General Expenses	3.49	0.29
2	Maintenance of Spares		
3	Receivables	523.91	87.32
	Less: Security Deposit		14.78
4	Total	749.28	106.10
5	SBAR as on 01.04.2024		**10.25%**
6	**Interest on Working Capital**		**10.88**

Table 6.16: Interest on Working Capital approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Interest on Working Capital	6.68	5.43	10.88
	Total	**6.68**	**5.43**	**10.88**

The Commission now approves interest on working capital at ₹ 10.88 Crore for the F.Y. 2024-25 against the RE furnished by PDS at ₹ 5.43 Crore.

6.18 Return on Equity

The PDS has not projected Return on Equity for the F.Y. 2024-25.

Commission's Analysis:

Regulation 29 of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) (Second Amendment Regulations), 2020, provides for return on equity at 14% PA on the equity amount appearing in the audited balance sheet of the annual accounts.

Since, PDS is a State Government Department, the expenses are funded by the Government. **As such, no separate return is to be allowed for return on equity.**

6.19 Non-Tariff Income

The PDS has furnished non-tariff income at ₹8.57 Crore during the F.Y. 2024-25

Commission's Analysis:

Table 6.17: Non-Tariff Income approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Non- Tariff Income	0.58	8.57	8.57
	Total	**0.58**	**8.57**	**8.57**

The Commission now approves Non-Tariff Income at ₹ 8.57 Crore for the F.Y. 2024-25, as per the RE furnished by PDS.

6.20 Revenue from tariff for the F.Y. 2024-25

Revenue from the tariff approved by the Commission for the F.Y. 2024-25 in its Tariff Order dated 13.03.2024 and revised estimates furnished by the PDS and now approved by the Commission are shown in table below.

Table 6.18: Revenue from the Tariff approved by the Commission for F.Y. 2024-25

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Domestics		25.59	25.59
2	Commercial		20.31	20.31
3	Public Lighting		0.2	0.20
4	Temporary Supply		3.6	3.60
5	HT Industrial Consumers		308.1	308.10
6	LT Industrial Consumers		0.84	0.84
7	Bulk Supply		18.52	18.52
8	Surcharge on sale		18.43	18.43
9	**Total**	**364.39**	**395.59**	**395.59**
10	Less: Rebate		**6.70**	**6.70**
11	Outside States	47.40	110.42	110.42
	Total	**411.79**	**499.30**	**499.30**

The Commission approves the Revenue from Tariff at ₹499.30 Crore including Revenue from outside sales at ₹110.42 Crore for the F.Y. 2024-25.

6.21 Aggregate Revenue Requirement (ARR) for the F.Y. 2024-25

The ARR for the F.Y. 2024-25 approved by the Commission in its Tariff Order dated 13.03.2024, Revised Estimate furnished by the PDS and now approved by the Commission are furnished in table below.

Table 6.19: Aggregate Revenue Requirement and Gap approved for F.Y. 2024-25

(Rs. Crore)

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Review Estimate	Now Approved by Commission
1	Cost of Fuel	0.00	0.00	0.00
2	Cost of Generation	0.00	0.00	0.00
3	Cost of Power Purchase	162.59	264.1	238.44
4	Intra State Transmission Charge	37.73	40.29	40.29
5	POC/Non POC, ERLDC & Other Charges		41.29	
6	Employee Costs	216.63	208.45	208.45
7	Repair and Maintenance Expense	8.85	13.43	13.43
8	Administration and General Expenses	3.15	3.49	3.49
9	Depreciation	16.22	26.72	17.50
10	Interest Charges	2.94	0	0.00
11	Interest on Working Capital	6.68	5.43	10.88
12	Return on NFA/Equity	0.00	0.00	0.00
13	Previous Year Expenses of Power Cost	0.00	1.82	0.00
14	**Total Revenue Requirement**	**454.79**	**605.02**	**532.48**
15	Less: Non-Tariff Income	0.58	8.57	8.57
16	**Net Revenue Requirement**	**454.21**	**596.45**	**523.91**
17	Revenue from Tariff	364.39	388.88	388.88
18	Revenue from Outside State Sales	**47.40**	110.42	110.42
19	**Surplus/(Gap)**	**(42.42)**	**(97.15)**	**(24.61)**

Review for the F.Y. 2024-25 indicates that the revenue gap has arrived to a deficit of ₹(24.61) Crore as against deficit of ₹(97.15) Crore claimed by petitioner for the F.Y. 2024-25.

7. AGGREGATE REVENUE REQUIREMENT FOR THE F.Y. 2025-26 AND COMMISSION'S ANALYSIS AND DECISIONS

7.1 Consumer Categories

The PDS was serving 1,31,693 consumers as on 31.03.2024 in its area of operation. The consumers could be broadly categorized as under:

LT Category

- Domestic - Rural, Urban
- Commercial - Rural, Urban
- Public Lighting
- Industrial - Rural, Urban
- Temporary Supply

HT Category

- Industrial

LT & HT Category

- Bulk Supply

The PDS serves the consumers at 250 V, 440 V and 11 kV levels. It is reported that, except public lighting, most of the consumers are metered. However, the unmetered consumers are being provided with meters in a phased manner.

7.1.1 Growth of Consumers

Details of the category-wise growth of consumers over the actuals during the F.Y. 2023-24, the estimated figures for the F.Y. 2024-25 and the projections for the F.Y. 2025-26 are furnished in table below:

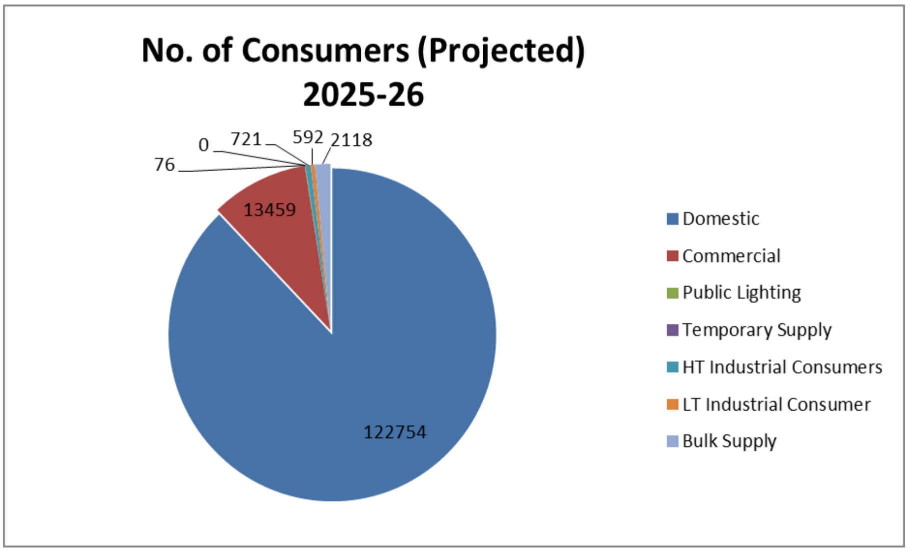
Table 7.1: Projected of no. of consumers

(In No)

Sl. No.	Category	2023-24 (Actuals)	2024-25 (Estimated)	No. of Consumers (Projected) 2025-26
1	Domestic	115340	118959	122754
2	Commercial	12980	13000	13459
3	Public Lighting	72	77	76
4	Temporary Supply	0	0	0
5	HT Industrial Consumers	649	687	721
6	LT Industrial Consumer	652	647	592
7	Bulk Supply	2000	2064	2118
8	**Total**	**131693**	**135434**	**139720**

*Domestic Consumers includes: Consumers of place of worship, army pensioners and visually impaired.

Chart 7.1: No. of consumers projected by PDS for F.Y. 2025-26



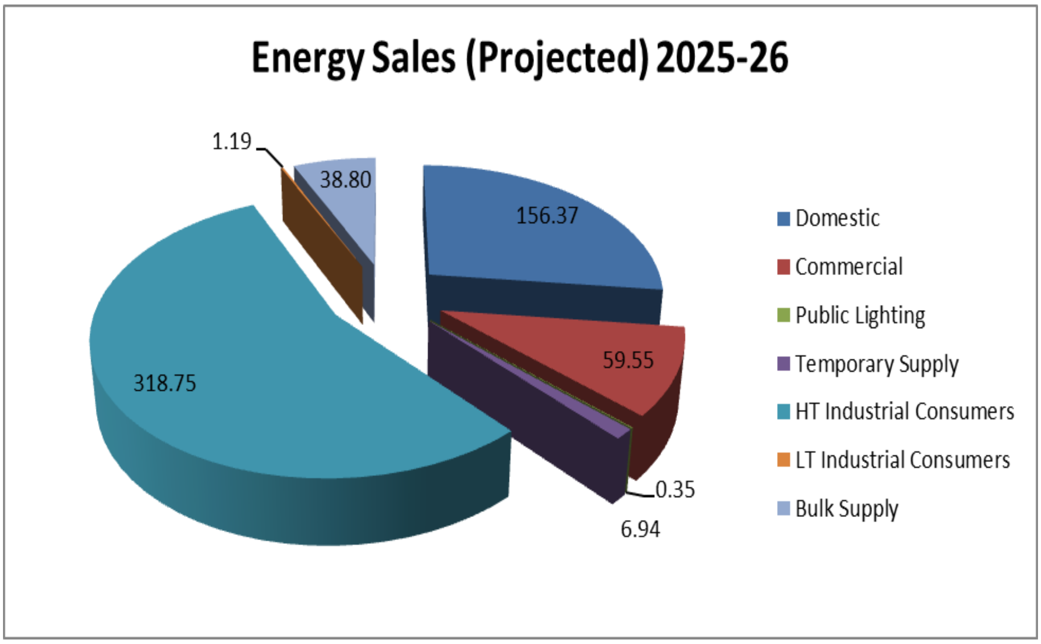
7.2 Category-wise Energy Sales

Category-wise energy sales approved by the Commission for the F.Y. 2025-26 vide Tariff Order dated 13.03.2024 and the projected energy sales to various categories of consumer for the F.Y. 2025-26 is given in table below:

Table 7.2: Energy Sales projected by PDS for the F.Y. 2025-26 (MUs)

Sl. No.	Category	As approved by the Commission in MYT Order dated 13.03.2024	2025-26 (Projected)
1	Domestic	136.33	156.37
2	Commercial	50.96	59.55
3	Public Lighting	1.18	0.35
4	Temporary Supply	3.97	6.94
5	HT Industrial Consumers	378.66	318.75
6	LT Industrial Consumers	2.04	1.19
7	Bulk Supply	34.05	38.8
8	**Total**	607.19	581.95
9	Outside State	0	345.19
10	**Total**	**607.20**	**927.14**

Chart 7.2: Energy Sales projected by PDS for F.Y. 2025-26



The PDS has projected the category-wise energy sales for the F.Y. 2025-26 based on the actual past sales and growth rate and new developments on account of Government policies, socio-economic changes, industrial growth etc., which would affect consumption across various categories of consumers. In addition to this, the growth trend in number of consumers have been taken as guiding factors in arriving at the requirement of demand and energy.

7.2.1 Analysis of Energy Sales Projections by PDS and the Commission's decision

Reasonable projection of category-wise energy sales is essential for determining the energy required to be purchased and likely revenue by sale of electricity. Sales forecast using the CAGR as the basis for projections is a tried and tested method and is used extensively across the states and accepted by the Regulators.

The CAGR of the past energy sales from the F.Y. 2018-19 to F.Y. 2023-24 is worked out and shown in table below:

Table 7.3: CAGR of energy sales

Category	2018-19 Actual	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Actual	2023-24 Actual	CAGR for 5 years from F.Y. 2018-19 to F.Y. 2023-24	CAGR for 4 years from F.Y. 2019-20 to F.Y. 2023-24	CAGR for 3 years from F.Y. 2020-21 to F.Y. 2023-24	CAGR for 2 years from F.Y. 2021-22 to F.Y. 2023-24	CAGR for 1 years from F.Y. 2022-23 to F.Y. 2023-24
	(In MUs)						(In %)				
Domestic	107.46	107.94	112.78	135.14	120.79	122.92	2.72%	3.30%	2.91%	-4.63%	1.76%
Commercial	40.91	42.05	34.11	45.80	45.82	48.37	3.41%	3.56%	12.35%	2.77%	5.57%
Public Lighting	0.25	0.34	0.31	0.89	0.57	0.304	3.99%	-2.76%	-0.65%	-41.56%	-46.67%
Temporary Supply	4.69	2.36	3.06	4.86	3.74	5.36	2.71%	22.76%	20.54%	5.02%	43.32%
HT Industrial	197.67	226.64	223.39	272.69	283.15	271.39	6.54%	4.61%	6.70%	-0.24%	-4.15%
LT Industrial	4.89	1.85	2.02	2.60	1.76	1.51	-20.94%	-4.95%	-9.24%	-23.79%	-14.20%
Bulk Supply	24.94	30.17	27.69	33.20	29.94	32.58	5.49%	1.94%	5.57%	-0.94%	8.82%
Total	**380.81**	**411.35**	**403.36**	**495.18**	**485.77**	**482.44**					

Table 7.4: Specific monthly consumption/consumer

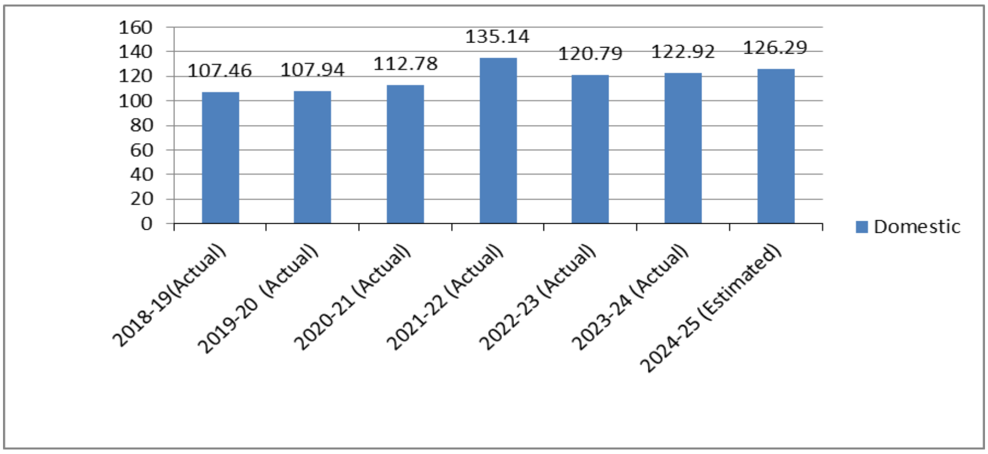
Sl. No.	Category	2023-24(Actual)
1	Domestic	107
2	Commercial	373
3	HT Industrial	41817
4	LT Industrial	232
5	Bulk Supply	1629

The consumption of each category of consumers is discussed below, so as to arrive at a reasonable projection of energy sales for the F.Y. 2025-26.

Domestic

The PDS has projected energy sales to this category at 156.37 MUs for the F.Y. 2025-26. The trend of the actual consumption in the category for the F.Y. 2018-19 to F.Y. 2023-24 and RE for the F.Y. 2024-25 is shown in the chart below:

Chart 7.3: Trend of actual consumption – Domestic Category



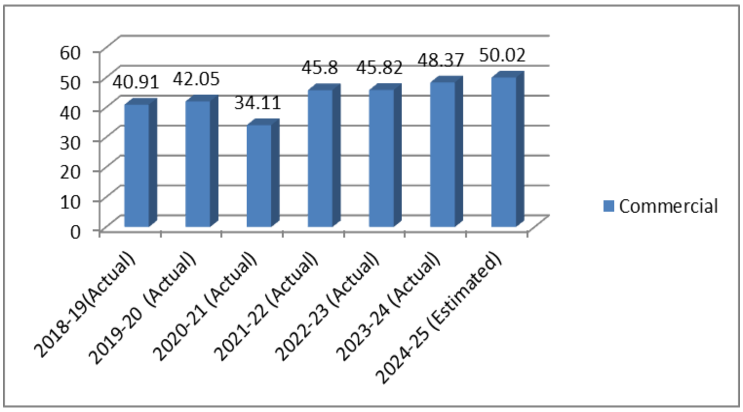
On analysis of the above trend and CAGR over different periods it is seen that the 5 years CAGR (F.Y. 2018-19 to F.Y. 2023-24) is 2.72%, the 4 years CAGR (F.Y. 2019-20 to F.Y. 2023-24) is 3.30%, the 3 years CAGR (F.Y. 2020-21 to F.Y. 2023-24) is 2.91%, the 2 years CAGR (F.Y. 2021-22 to F.Y.2023-24) is -4.63% and the YoY growth (F.Y. 2022-23 to F.Y. 2023-24) is 1.76%. The actual specific consumption during the F.Y. 2023-24 is 107 Kwh. On analysis of the above trend, the CAGR for 4 years of 3.30 % is considered reasonable & consumption work out to 131.17 MUs for the F.Y. 2025-26.

The Commission approves energy sales at 131.17 MUs against 156.37 MUs projected by PDS for the F.Y. 2025-26.

Commercial

The PDS has projected energy sales to this category at 59.55 MUs for the F.Y. 2025-26. The trend of the actual consumption in the category for the F.Y. 2018-19 to F.Y. 2023-24 and RE for the F.Y. 2024-25 is shown in the chart below:

Chart 7.4: Trend of actual consumption – Commercial Category



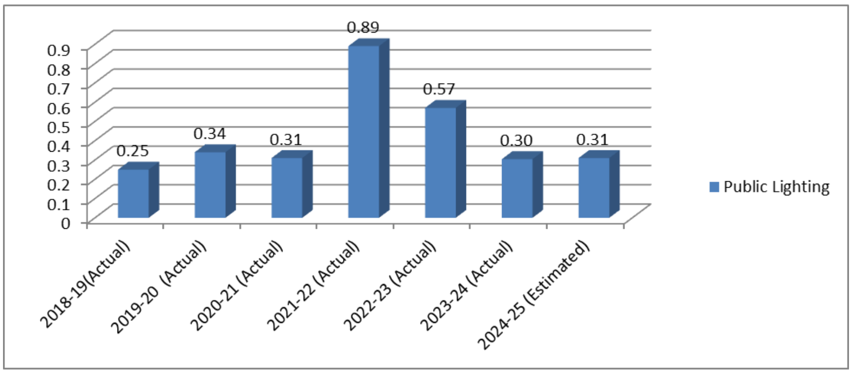
On analysis of the above trend and CAGR over different periods it is seen that the 5 years CAGR (F.Y. 2018-19 to F.Y. 2023-24) is 3.41%, the 4 years CAGR (F.Y. 2019-20 to F.Y. 2023-24) is 3.56%, the 3 years CAGR (F.Y. 2020-21 to F.Y. 2023-24) is 12.35%, the 2 years CAGR (F.Y. 2021-22 to F.Y.2023-24) is 2.77% and the YoY growth (F.Y. 2022-23 to F.Y. 2023-24) is 5.57%. The actual specific consumption during the F.Y. 2023-24 is 373 Kwh. On analysis of the above trend, the CAGR for 1 years of 5.57% is considered reasonable & consumption work out to 53.90 MUs for the F.Y. 2025-26.

The Commission approves energy sales at 53.90 MUs against 59.55 MUs projected by PDS for the F.Y. 2025-26.

Public Lighting

The PDS has projected energy sales to this category at 0.35 MUs for the F.Y. 2025-26. The trend of the actual consumption in the category for the F.Y. 2018-19 to F.Y. 2023-24 and RE for the F.Y. 2024-25 is shown in the chart below:

Chart 7.5: Trend of actual consumption – Public Lighting Category



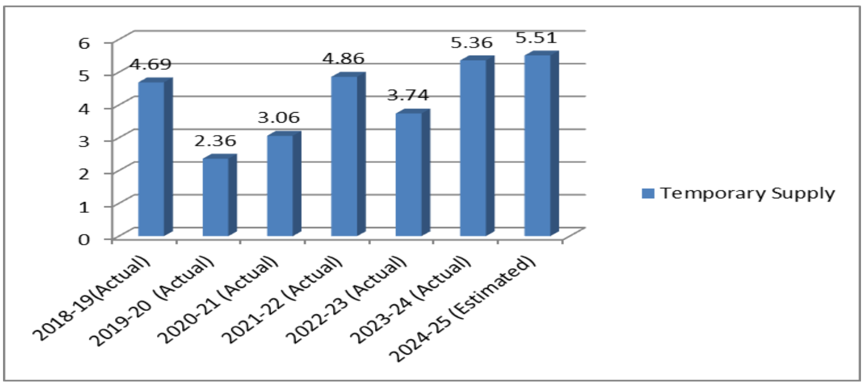
On analysis of the above trend and CAGR over different periods it is seen that the 5 years CAGR (F.Y. 2018-19 to F.Y. 2023-24) is 3.99%, the 4 years CAGR (F.Y. 2019-20 to F.Y. 2023-24) is -2.76%, the 3 years CAGR (F.Y. 2020-21 to F.Y. 2023-24) is -0.65%, the 2 years CAGR (F.Y. 2021-22 to F.Y.2023-24) is -41.56% and the YoY growth (F.Y. 2022-23 to F.Y. 2023-24) is -46.67%. On analysis of the above trend, the CAGR for 5 years of 3.99% is considered reasonable & consumption work out to 0.33 MUs for the F.Y. 2025-26.

The Commission approves energy sales at 0.33 MUs against 0.35 MUs projected by PDS for the F.Y. 2025-26.

Temporary Supply

The PDS has projected energy sales to this category at 6.94 MUs for the F.Y. 2025-26. The trend of the actual consumption in the category for the F.Y. 2018-19 to F.Y. 2023-24 and RE for the F.Y. 2024-25 is shown in the chart below:

Chart 7.6: Trend of actual consumption – Temporary Supply Category



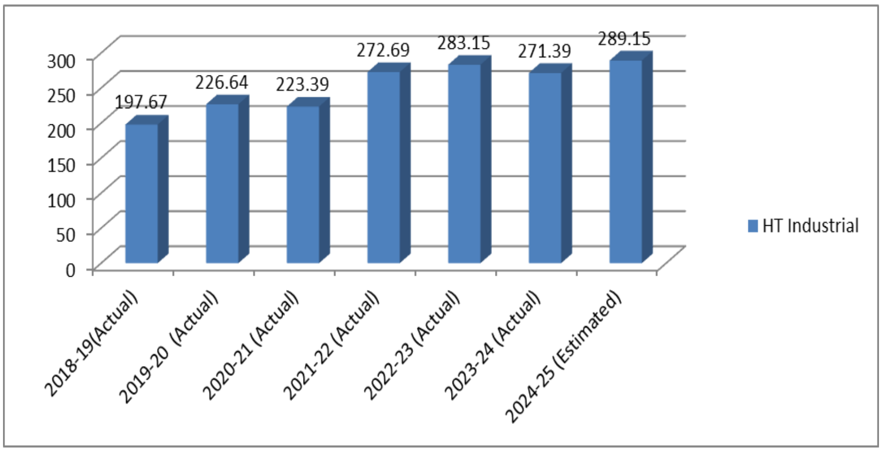
On analysis of the above trend and CAGR over different periods it is seen that the 5 years CAGR (F.Y. 2018-19 to F.Y. 2023-24) is 2.71%, the 4 years CAGR (F.Y. 2019-20 to F.Y. 2023-24) is 22.76%, the 3 years CAGR (F.Y. 2020-21 to F.Y. 2023-24) is 20.54%, the 2 years CAGR (F.Y. 2021-22 to F.Y.2023-24) is 5.02% and the YoY growth (F.Y. 2022-23 to F.Y. 2023-24) is 43.32%. On analysis of the above trend, the CAGR for 3 years of 20.54% is considered reasonable & consumption work out to 7.79 MUs for the F.Y. 2025-26.

The Commission approves energy sales at 7.79 MUs against 6.94 MUs projected by PDS for the F.Y. 2025-26.

HT Industrial

The PDS has projected energy sales to this category at 318.75 MUs for the F.Y. 2025-26. The trend of the actual consumption in the category for the F.Y. 2018-19 to F.Y. 2023-24 and RE for the F.Y. 2024-25 is shown in the chart below:

Chart 7.7: Trend of actual consumption – HT Industrial Category



On analysis of the above trend and CAGR over different periods it is seen that the 5 years CAGR (F.Y. 2018-19 to F.Y. 2023-24) is 6.54%, the 4 years CAGR (F.Y. 2019-20 to F.Y. 2023-24) is 4.61%, the 3 years CAGR (F.Y. 2020-21 to F.Y. 2023-24) is 6.70%, the 2 years CAGR (F.Y. 2021-22 to F.Y.2023-24) is -0.24% and the YoY growth (F.Y. 2022-23 to F.Y. 2023-24) is -4.15%. The actual specific consumption during the F.Y. 2023-24 is 41817 Kwh. On analysis of the above trend, the CAGR for 5 years of 6.54% is considered reasonable &

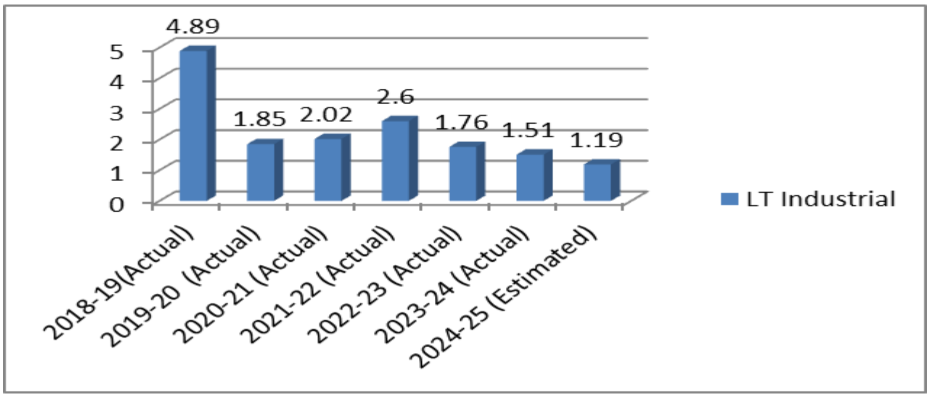
consumption work out to 308.07 MUs for the F.Y. 2025-26.

The Commission approves energy sales at 308.07 MUs against 318.75 MUs projected by PDS for the F.Y. 2025-26.

<u>LT Industrial</u>

The PDS has projected energy sales to this category at 1.19 MUs for the F.Y. 2025-26. The trend of the actual consumption in the category for the F.Y. 2018-19 to F.Y. 2023-24 and RE for the F.Y. 2024-25 is shown in the chart below:

Chart 7.8: Trend of actual consumption – LT Industrial Category

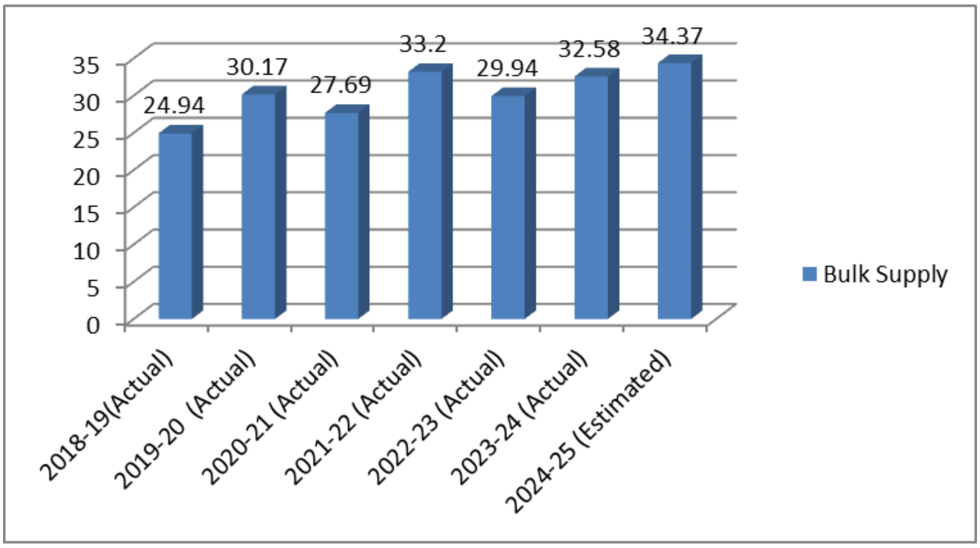


On analysis of the above trend and CAGR over different periods it is seen that the 5 years CAGR (F.Y. 2018-19 to F.Y. 2023-24) is -20.94%, the 4 years CAGR (F.Y. 2019-20 to F.Y. 2023-24) is -4.95%, the 3 years CAGR (F.Y. 2020-21 to F.Y. 2023-24) is -9.24%, the 2 years CAGR (F.Y. 2021-22 to F.Y.2023-24) is -23.79% and the YoY growth (F.Y. 2022-23 to F.Y. 2023-24) is -14.20%. The actual specific consumption during the F.Y. 2023-24 is 232 Kwh. On analysis of the above trend, negative CAGR over different periods and sales projection of 1.19 MUs in the F.Y. 2025-26, **the Commission approves energy sales at 1.19 MUs as projected by PDS for the F.Y. 2025-26.**

Bulk Supply

The PDS has projected energy sales to this category at 38.80 MUs for the F.Y. 2025-26. The trend of the actual consumption in the category for the F.Y. 2018-19 to F.Y. 2023-24 and RE for the F.Y. 2024-25 is shown in the chart below:

Chart 7.9: Trend of actual consumption – Bulk Supply Category



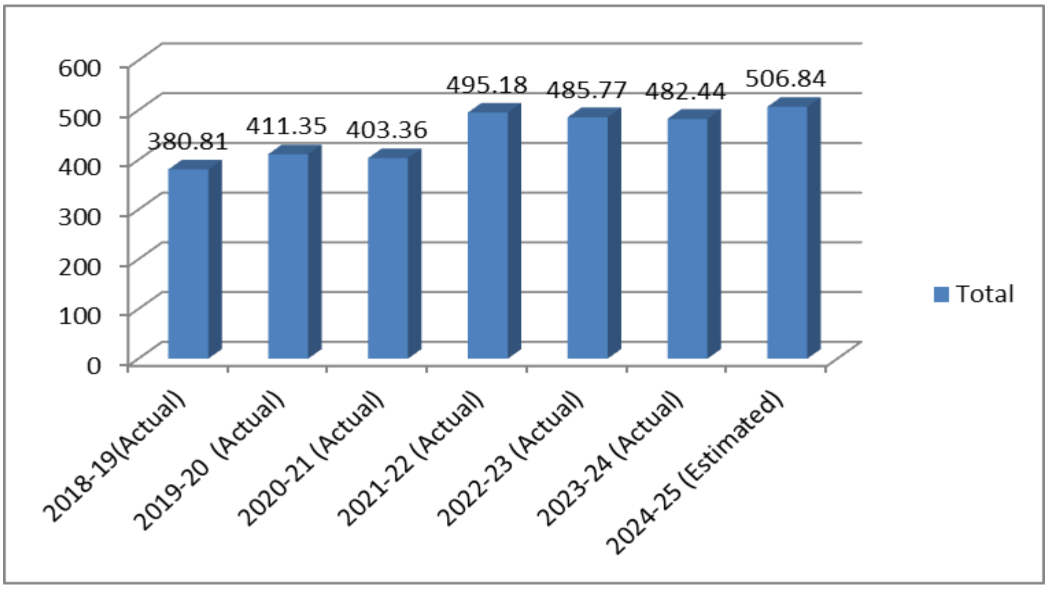
On analysis of the above trend and CAGR over different periods it is seen that the 5 years CAGR (F.Y. 2018-19 to F.Y. 2023-24) is 5.49%, the 4 years CAGR (F.Y. 2019-20 to F.Y. 2023-24) is 1.94%, the 3 years CAGR (F.Y. 2020-21 to F.Y. 2023-24) is 5.57%, the 2 years CAGR (F.Y. 2021-22 to F.Y.2023-24) is -0.94% and the YoY growth (F.Y. 2022-23 to F.Y. 2023-24) is -8.82%. The actual specific consumption during the F.Y. 2023-24 is 1629 Kwh. On analysis of the above trend, the CAGR for 3 years of 5.57% is considered reasonable & consumption work out to 36.31 MUs for the F.Y. 2025-26.

The Commission approves energy sales at 36.31 MUs against 38.80 MUs projected by PDS for the F.Y. 2025-26.

Total sales

The trend of the actual consumption within the State of Sikkim for the F.Y. 2018-19 to F.Y. 2023-24 and RE for the F.Y. 2024-25 is shown in the chart below:

Chart 7.10: Trend of actual consumption – Sales within the State



7.3 Category-Wise Energy Sales

The category-wise energy sales approved by the Commission for the F.Y. 2025-26 is given in table below:

Table 7.5: Category-wise energy sales approved by the Commission

Sl. No.	Category	F.Y. 2025-26 (Projected)
1	Domestic	131.17
2	Commercial	53.90
3	Public Lighting	0.33
4	Temporary Supply	7.79
5	HT Industrial	308.07
6	LT Industrial	1.19
7	Bulk Supply	36.31
8	**Total**	**538.77**

The Commission approves total energy sales within the state at 538.77 MUs for the F.Y. 2025-26.

7.4 Transmission and Distribution Losses (T&D Losses)

PDS projected T&D Losses at 24.37% for the F.Y. 2025-26.

Commission's Analysis:

As per the Electricity Act, 2003, CEA is to prepare the National Electricity Plan once in five years. Further, Section 73 (a) of the Act also provides the formulation of short-term and perspective plans for development of the electricity system as one of the functions of the CEA.

Accordingly, a Draft Distribution Perspective Plan 2030 (DPP-2030) has been prepared by CEA in order to fulfil its obligation of the Act. The petitioner is directed to follow the road map and adapt the best practice as given above distribution prospective plan 2030.

Further, Commission in the MYT order dated 13.03.2024 has approved the T&D losses of 14.50% for FY 25-26. **The Commission accordingly approves T&D Losses at 14.50% for F.Y. 2025-26. The PDS shall make all efforts for reduction of losses in the system.**

<u>Energy Requirement</u>

The energy requirement of PDS to meet the demand would be the sum of energy sales to consumers within the State and T&D Losses, as worked out in table below:

Table 7.6: Energy Requirement approved by the Commission

Sl. No.	Particulars	Unit	F.Y. 2025-26
1	Energy sales approved	MUs	538.77
2	T & D Losses approved	%	14.50
3	T & D Losses approved	MUs	91.37
4	Energy requirement	MUs	**630.14**

7.5 Power Procurement

7.5.1 Own Generation

The Commission in its Tariff Order for the F.Y. 2025-26 had not approved any own generation. The PDS in its Petition for the F.Y. 2025-26, has not furnished any own generation**. Therefore, the Commission does not consider and approve nil own generation**.

7.5.2 Power purchase from Central Generating Stations

The power procurement projected for the F.Y. 2025-26 is furnished in table below:

Table 7.8: Summary of Power Purchase furnished by PDS

(In MUs)

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	F.Y. 2025-26 (Projected)
1	**NTPC**		
	BSTPP I	31.05	71.56
	BSTPP II	5.45	3.82
	FSTPP	5.97	413.74
	FSTPP III	0	1.25
	KHSTPP-I	1.79	1.46
	KHSTPP-II	2.54	2.57
	KKANTI-II/MTS	0	15.61
	TSTPP	2.98	1.51
	DARLAPLI	84.36	78.01
	KBUNL	11.65	0
	NPGCL	31.8	29.63
	North Karanpura STPS	2.91	3.71
2	**NHPC**		
	RANGIT-III, NHPC	4.68	2.56
	TEESTA-V,NHPC	21.5	0
3	**Other**		
	CHUKHA, PTC	32.17	33.03
	KHEP -PTC	0	0
	Mangdechu PTC	1.42	1.24
	WBSEDCL	27.37	47.35
	SPDC	61.58	
	Rongli	0	24.17
	Mangley	0	0
	Chaten	0	1.92
	Lachung	0	7.34
	Kreate Purchase	0	0
	Hanuman Ganga	143.47	0

	RTM Purchase	73.95	0
	IPP	0	162.43
	KUNDAN HYDRO		
	i) RONGICHU	0	0
	ii) MEYONGCHU	0	38.15
	iii) KALEZ KHOLA	0	10.81
	iv) LLHP	0	58.68
	Banking Kreate	0	51.48
	Banking APPCL	0	15.36
	Free Power		
	Free Power (Other Sources)	248.15	0
	RANGIT-III, NHPC	0	44.99
	TEESTA-V,NHPC	0	0
	UI Free Power	0	16.35
	Total	**794.79**	**1138.73**

Commission's Analysis

The Commission has considered the power procurement projected by PDS during the financial year except power procurement from UI free power. If any contingency arises to procure power apart from allocated sources, the same will be considered at the time of true up & review. Power procurement approved by the Commission is shown in the table below:

Table 7.9: Power Procurement approved by the Commission

(In MUs)

Sl. No.	Source	F.Y. 25-26
	Central Sector	
	NTPC	
1	BSTPP I	71.56
2	BSTPP II	3.82
3	FSTPP	413.74
4	FSTPP III	1.25
5	KHSTPP-I	1.46
6	KHSTPP-II	2.57
7	KKANTI-II	15.61
8	TSTPP	1.51
9	DARLAPLI	78.01
10	KBUNL	0
11	NPGCL	29.63
12	North Karanpura STPS	3.71
	NHPC	
13	RANGIT-III, NHPC	2.56
14	TEESTA-V,NHPC	0

	Other	
15	CHUKHA, PTC	33.03
16	Khep PTc	
17	Mangdechu PTC	1.24
18	WBSEDCL	47.35
	SPDC	
24	Rongli	24.17
25	Mangley	0
26	Chaten	1.92
27	Lachung	7.34
28	Hanuman Ganga	0
289	RTM Purchase	0
	Free Power	
30	RANGIT-III, NHPC	44.99
31	TEESTA-V,NHPC	0
	Total	**785.47**
32	IPP	162.43
33	KUNDAN HYDRO	
	i) RONGICHU	0
	ii) MEYONGCHU	38.15
	iii) KALEZ KHOLA	10.81
	iv) LLHP	58.68
34	Banking Kreate	51.48
35	Banking APPCL	15.36
	other free sources (32 to 35)	**336.91**
36	**Grant Total**	**1122.38**

The Commission approves power procurement of 1122.38 MUs for the F.Y. 2025-26.

7.6 Energy requirement and availability

The energy requirement and availability projected for the F.Y. 2025-26 is furnished by the PDS in the table below:

Table 7.10: Energy Balance projected by PDS

Sl. No.	Particulars	F.Y. 2023-24 (Actual)	F.Y. 2024-25 (Estimates)	F.Y. 2025-26 (Projected)
A.	**ENERGY REQUIREMENT**			
1	Energy Sales within State	482.44	506.84	581.95
2	Sales Outside State (UI)	389.06	348.68	345.19
3	Total Energy Sales	871.50	855.52	927.14

4	Overall T & D Losses %	27.11	26.13%	24.37%
5	Overall T & D Losses (MUs)	186.10	184.55	193.36
6	Total Energy Requirement (3+5)	**1057.60**	**1040.07**	**1120.49**
	ENERGY AVAILABILITY			
B.	Own Generation	0.00	0.00	0
1	Power Purchase from CGS/UI etc	792.21	994.31	1077.37
2	Free Power	283.41	60.78	61.34
3	Overall Pool loss %	2.63	2.25%	2.30%
4	Less: Overall Pool Loss	18.03	15.91	18.22
5	**Total Energy Availability (1+2+3-5)**	**1057.60**	**1039.18**	**1120.49**
	ENERGY SURPLUS/ (GAP)	**0.00**	**-0.89**	**0**

Commission's Analysis

Considering the inter-state transmission loss at 2.14% as approved in MYT order dated 13.03.2024, the energy balance is worked out as detailed in table below:

Table 7.11: Energy Balance approved by the Commission

Sl. No	Energy Balance	Units	Now approved by Commission F.Y. 2025-26 (Projected)
A	**ENERGY REQUIREMENT**		
1	Energy Sales within State	Mu's	538.77
2	Sales Outside State (UI & other)	Mu's	
3	Total Energy Sales	Mu's	538.77
4	Overall T & D Losses	%	14.50
5	Overall T & D Losses	Mu's	91.37
6	Total Energy Requirement	Mu's	**630.14**
B	**ENERGY AVAILABILITY**		
1	Own Generation	Mu's	0
2	Power Purchase-CGS/UI etc	Mu's	785.47
3	Free Power	Mu's	336.91
4	Overall Pool loss	%	2.14
5	Less: Overall Pool Loss	Mu's	16.09
6	Total Energy Availability(1+2+3-5)	Mu's	1106.29
7	**ENERGY SURPLUS/ (GAP)**		**476.15**

The energy balance approved for a surplus energy of 476.15 MUs for the F.Y. 2025-26.

7.7 Aggregate Revenue Requirement

The PDS has projected Aggregate Revenue Requirement at ₹ 614.23 Crore for the F.Y. 2025-26, as detailed in table below:

Table 7.12: Aggregate Revenue Requirement projected by PDS

(Rs. in Crore)

Sl No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	F.Y. 2025-26 (Projected)
1	**2**	**3**	**4**
1	Cost of Fuel	0.00	0.00
2	Cost of Generation	0.00	0.00
3	Cost of Power Purchase	164.21	277.50
4	Intra State Transmission Charge	38.11	41.36
5	POC/Non POC, ERLDC & Other Charges		42.53
6	Employee Costs	223.13	214.70
7	Repair and Maintenance Expense	9.30	14.12
8	Administration and General Expenses	3.31	3.64
9	Depreciation	18.69	26.98
10	Interest Charges	3.09	0.00
11	Interest on Working Capital	6.87	0.00
12	Return on Equity	0.00	0.00
13	Previous Year Expenses of Power Cost	0.00	2.15
14	**Total Revenue Requirement**	**466.71**	**622.98**
15	Less: Non-Tariff Income	0.61	8.75
16	**Net Revenue Requirement**	**466.10**	**614.23**

The expenses projected by PDS and the Commission's analysis are discussed hereunder.

7.8 Fuel Cost

The Commission in its MYT Order for the F.Y. 2025-26 had not approved any fuel cost. The PDS in its tariff Petition for the F.Y. 2025-26, has not furnished any fuel cost. **Therefore, the Commission does not consider and approve any fuel cost.**

7.9 Cost of generation

The Commission in its MYT Order for the F.Y. 2025-26 had not approved any fuel cost. The PDS in its tariff Petition for the F.Y. 2025-26, has not furnished any fuel cost. **Therefore, the Commission does not consider and approve any fuel cost.**

7.10 Power Purchase Cost

Power Purchase Cost projected for the F.Y.2025-26

The PDS has projected a power purchase cost at ₹ 246.90 Crore. The details are furnished in the table below:

Table 7.13: Power Purchase Cost projected by PDS

(Rs. In Crore)

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	Projected 2025-26
1	NTPC		
1.1	BSTPP I	16.61	26.76
1.2	BSTPP II	2.78	1.47
1.3	FSTPP	15.06	154.35
1.4	FSTPP III	0.87	0.52
1.5	KHSTPP-I	0.76	0.65
1.6	KHSTPP-II	0.99	1.01
1.7	KKANTI-II		5.92
1.8	TSTPP	0.8	0.61
1.9	DARLAPLI	23.84	29.17
1.2	KBUNL	3.21	0
1.1	NPGCL	13.91	11.1
1.11	North Karanpura STPS	1.09	1.43
	Total (A)	**79.92**	**232.99**
2	**NHPC**		
2.1	RANGIT-III, NHPC	1.79	2.32
2.2	TEESTA-V,NHPC	4.34	0
	Total (B)	**6.13**	**2.32**
3	**Other**		
3.1	CHUKHA, PTC	7.64	3.29
3.2	Khep PTc		0
3.3	Mangdechu PTC	0.54	0.17
3.4	WBSEDCL	3.46	4.69
3.5	SPDC	25.63	
3.6	Rongli		2.42
3.7	Mangley		0
3.8	Chaten		0.24
3.9	Lachung		0.77
3.10	IPP & Other		30.6
3.11	RTM Purchase	35.65	0
	Total	**72.92**	**42.18**
	Total Energy Purchase	**158.97**	**277.5**

Commission Analysis:

As seen from the above, the PDS has claimed the power purchase cost for the F.Y. 2025-26. The Commission has considered the power purchase cost at as at F.Y. 2025-26 as projected by PDS except UI claimed by PDS.

As per the SSERC (Renewable Energy Purchase Obligation and Its Compliance) (First Amendment) Regulations, 2022, as per regulation 4.3 The solar RPO and other Non-Solar RPO (excluding consumption from hydro sources) specified for the Financial Year 2024-25 shall be continued beyond 2024-25 till any revision is effected by the Commission in this regard. The applicable RPO levels for the F.Y. 2025-26 is 10.50% for Non-Solar, 6.90% for Solar and 0.15 % HPO. The RPO Regulation requires the procurement from hydro sources to be excluded from consumption (total consumption of its consumer including T&D losses) for arriving at the energy quantum for calculation of RPO. If any further amendment issued by the CERC/Commission, the same shall be applicable for determination of RPO.

The Commission has also worked out the same on the basis of the approved energy sales & purchases quantity. The details are furnished in the table below:

Table 7.14: RPO Compliance approved by the Commission (MUs)

Sl. No.	Sources	F.Y. 2025-26
I	**Hydro (25 MW & above)**	
1	RANGIT-III, NHPC	2.56
2	CHUKHA, PTC	33.03
3	WBSEDCL	47.35
4	Mangdechu PTC	1.24
5	Free Power	44.99
6	IPP	162.43
7	Banking Kreate	51.48
8	Banking APPCL	15.36
Total consumption from Hydro Sources (A)		**358.44**
II	**Small Hydro (below 25 MW)**	
1	SPDC and Kundan Hydro	141.07
Total consumption from Small Hydro Sources (B)		**141.07**
III	**Total Consumption including T&D loss (C)**	**630.14**
IV	**Total Consumption Excluding Hydro Sources (C-A) on which RPO is applicable**	**271.70**
V	**Non solar RPO applicable @10.50 % on IV**	**28.52**
VI	**Solar RPO applicable @ 6.9% on IV**	**18.74**
VII	**HPO applicable @ 0.15 % on IV**	**0.40**

The table indicates that although the PDS is likely to fall short of its Solar RPO of 18.74 MUs, the excess Non-solar RPO after fulfilling the Non Solar RPO of 28.52 MUs is likely to compensate the Solar RPO. The PDS is also likely to fall short of its HPO of 0.40 MUs (which has to be fulfilled from Large Hydro Commissioned from 8th March 2019 onwards). However, the power procurement projection of the PDS for the F.Y. 2025-26 has not taken into consideration the probable need for buying REC or Hydropower (form sources commissioned after 8th March 20219) or procurement of power from solar sources to meet the probable shortfall in RPO compliance. The Commission is separately monitoring the RPO compliance on Quarterly basis and if there is any shortfall in the RPO at the end of the Financial Year, the PDS will be obligated to fulfil the RPO by purchase of REC or other means as per the order of the Commission.

The detail of Power Purchase cost approved by the Commission is given in the Table below:

Table 7.15: Power Purchase Cost approved by the Commission

Particulars	As approved by the Commission in MYT Order dated 13.03.2024	F.Y. 2025-26 (Projected)	Approved by commission
NTPC			
BSTPP I	16.61	26.76	26.76
BSTPP II	2.78	1.47	1.47
FSTPP	15.06	154.35	154.35
FSTPP III	0.87	0.52	0.52
KHSTPP-I	0.76	0.65	0.65
KHSTPP-II	0.99	1.01	1.01
KKANTI-II		5.92	5.92
TSTPP	0.8	0.61	0.61
DARLAPLI	23.84	29.17	29.17
KBUNL	3.21	0	0.00
NPGCL	13.91	11.1	11.10
North Karanpura STPS	1.09	1.43	1.43
Total (A)	**79.92**	**232.99**	**232.99**
NHPC			
RANGIT-III, NHPC	1.79	2.32	2.32
TEESTA-V,NHPC	4.34	0	0.00
Total (B)	**6.13**	**2.32**	**2.32**
Other			
CHUKHA, PTC	7.64	3.29	3.29
Khep PTc		0	0.00

Mangdechu PTC	0.54	0.17	0.17
WBSEDCL	3.46	4.69	4.69
SPDC	25.63		
Rongli		2.42	2.42
Mangley		0	0.00
Chaten		0.24	0.24
Lachung		0.77	0.77
IPP & Other		30.6	30.6
RTM Purchase	35.65	0	0.00
Total	**72.92**	**42.18**	**42.18**
Total Energy Purchase	**158.97**	**277.49**	**277.49**

The Commission approves the power purchase cost at ₹ 277.49 Crore for F.Y. 2025-26 against the total cost as projected by the PDS.

The PDS has claimed Previous Year Expenses of Power Cost of Rs. 2.15 Crore, which is not considered by the Commission.

7.11 Intra State Transmission Charges

The PDS has projected Intra State Transmission Charges for the F.Y. 2025-26 as shown in the table below:

Table 7.16: Intra State Transmission Charges projected by PDS

Sl. No.	Particulars	F.Y. 2025-26 (Projected)
1	Intra State Transmission Charge	41.36

Commission's Analysis:

The Commission approved the Intra State Transmission Charges for the F.Y. 2025-26, as detailed in table below.

Table 7.17: Intra State Transmission Charges approved by the Commission

Sl. No.	Particulars	F.Y. 2025-26
1	Intra State Transmission Charge	41.36

The Commission therefore, approves the Intra State Transmission Charges at ₹ 41.36 Crore as projected by the PDS for the F.Y. 2025-26.

7.12 Employee Cost

PDS has projected employee cost for the F.Y. 2025-26 as shown in the table below:

Table 7.18: Employee Cost furnished by PDS

Sl. No.	Particulars	F.Y. 2025-26 (Projected)
1	Employees Expense	214.70

Commission's Analysis:

The Commission has considered all the factors, the employee cost are approved by the Commission for the F.Y. 2025-26 as shown in table below. Further, the Commission directs PDS to furnish the details of Employee Cost at the time of Review & True-up.

Table 7.19: Employee Cost approved by the Commission

Sl. No.	Particulars	F.Y. 2025-26
1	Employees Expense	214.70

The Commission therefore, approves the employee cost at ₹214.70 Crore as projected by the PDS for the F.Y. 2025-26.

7.13 Administrative and General Expenses

The PDS has projected Administrative and General Expenses at ₹3.64 Crore for the F.Y. 2025-26. The Administrative and General Expenses include Telephone, Postage & telegram expenses, , Consultancy fee, Conveyance expenses, Electricity and Water charges, Printing &

Stationary and other professional charges. The details of expenses projected by the PDS are furnished in the table below:

Table 7.20: Administrative and General Expenses Projected by PDS

Sl. No.	Particulars	F.Y. 2025-26 (Projected)
1	Administration & General Expense	3.64

Commission's Analysis:

The Commission has considered all the factors, the A&G expenses are approved by the Commission for the F.Y. 2025-26 as shown in table below. Further, the Commission directs PDS to furnish the details of A&G expenses at the time of Review & True-up.

Table 7.21: Administration & Generation Expenses approved by the Commission

Sl. No.	Particulars	F.Y. 2025-26
1	Administration & General Expense	3.64

The Commission therefore, approves the Administrative and General Expenses at ₹ 3.64 Crore as projected by the PDS for the F.Y. 2025-26.

7.14 Repairs and Maintenance Expenses

The PDS has projected at ₹14.12 Crore for the F.Y. 2025-26 towards Repair and Maintenance Expenses which includes expenses towards operation and maintenance of electrical equipment, plant & machinery and vehicles The details of expenses projected by PDS are furnished in the table below:

Table 7.22: Repair and Maintenance Expenses projected by PDS

Sl. No.	Particulars	F.Y. 2025-26 (Projected)
1	Repair & Maintenance Expense	14.12

Commission's Analysis:

The Commission has considered all the factors, the Repair and Maintenance Expenses are approved by the Commission for the F.Y. 2025-26 as shown in table below. Further, the Commission directs PDS to furnish the details of Repair and Maintenance Expenses at the time of Review & True-up.

Table 7.23: Repair and Maintenance Expenses approved by the Commission

Sl. No.	Particulars	F.Y. 2025-26
1	Repair &Maintenance Expense	14.12

The Commission therefore, approves the Repair and Maintenance Expenses at ₹ 14.12 Crore for the F.Y. 2025-26 as projected by the PDS for the F.Y. 2025-26.

7.15 Depreciation

The PDS has projected depreciation of ₹26.98 Crore for the F.Y. 2025-26. The PDS has stated that the depreciation has been calculated on the value of the opening GFA plus additions during the year at the rates prescribed in the SSERC Regulations. The Depreciation calculated for the assets of the distribution function. The same is detailed in the table below:

Table 7.24: Depreciation Projected by PDS

Sl. No.	Particulars	F.Y. 2025-26 (Projected)
1	Depreciation	26.98

Commission's Analysis:

The Commission has approved the Depreciation of ₹ 17.52 Crore for the F.Y. 2025-26, as detailed in the table below:

Table 7.25: Depreciation approved by the Commission

Sl. No.	Particulars	F.Y. 2025-26
1	Opening GFA	1182.94
2	Addition during the Year	1.20
3	Closing GFA	1184.14
4	Average GFA	1183.54
5	Rate of Depreciation	1.48%
6	**Depreciation**	**17.52**

The Commission therefore, approves the Depreciation at ₹ 17.52 Crore for the F.Y. 2025-26.

7.16 Interest and Finance Charges

The PDS has not projected interest and finance charges during the F.Y. 2025-26.

Commission's Analysis:

As the PDS has not claimed interest and finance charges. **As such the Commission has not considered interest and finance charges during the F.Y. 2025-26.**

7.17 Interest on Working Capital

The PDS has not projected interest on working capital at nil for the F.Y. 2025-26 on normative basis.

The PDS has worked out interest on working capital as detailed in the table below:

Table 7.26: Interest on Working Capital Projected by PDS

Sl. No.	Particulars	F.Y. 2025-26 (Projected)
1	O & M Expenses for 1 month	Nil
2	Maintenance Spares @ 1% plus Escalation @ 6% per annum	
3	Receivable equivalent to 2 month's Revenue	
4	**Total Working Capitals**	
5	Less : Security Deposit of Consumers	
6	**Net Working Capital**	
7	SBI Advance Rate	
8	**Interest on Working Capital**	

Commission's Analysis:

As per Regulation 32 of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020, interest on working capital shall be calculated on normative basis, notwithstanding the fact that the licensee has taken working capital loan from any outside agency. Accordingly, the Interest on Working Capital has been worked out on the costs approved by the Commission, as detailed in the table below:

Table 7.27: Interest on Working Capital approved by the Commission

Sl. No.	Particulars	F.Y. 2025-26
1	O & M Expenses for 1 month	19.37
2	Maintenance Spares @ 1% plus Escalation @ 6% per annum	
3	Receivable equivalent to 2 month's Revenue	95.05
4	**Total Working Capitals**	**114.42**
5	Less : Security Deposit of Consumers	14.78
6	**Net Working Capital**	99.64
7	SBI Advance Rate	10.25%
8	**Interest on Working Capital**	**10.21**

The Commission approves the Interest on Working Capital at ₹ 10.21 Crore for the F.Y. 2025-26. The above Interest on Working Capital is approved.

7.18 Return on Equity

The PDS has not projected Return on Equity during the F.Y. 2025-26.

Commissions Analysis:

Regulation 29 of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020, provides for Return on Equity at 14% p.a. on the equity amount appearing in the audited balance sheet of annual accounts.

In addition, it is a State Government Department; the expenses are funded by the Government. **As such, no separate return is to be allowed for Return on Equity.**

7.19 Provision for Bad Debts

The PDS has not claimed any provision for bad debts during the F.Y. 20245-26.

7.20 Non-Tariff Income

The PDS has projected a Non-Tariff Income ₹ 8.75 Crore for the F.Y. 2025-26.

Commission's Analysis:

PDS is directed to submit the details of the energy meters provided by the department and procured by the consumers at their cost. Further, PDS has projected the Non-tariff Income of ₹8.75 Crore.

The Commission approves the Non-Tariff Income at ₹ 8.75 Crore for the F.Y. 2025-26, as projected by the PDS for the F.Y. 2025-26.

7.21 Revenue from Existing Tariff

The PDS has projected revenue from sale of energy with existing tariff at ₹ 407.16 Crore within the states for the F.Y. 2025-26. Further, the PDS has projected revenue from outside state sale at ₹ 108.21 Crore for the F.Y. 2025-26.

Commissions Analysis:

It is observed that the revenue from domestic category contributes after the highest contribution by HT Industrial. Hence, impact of change in tariff on the revenue is mostly dependent on these categories. The revenue approved at the existing Tariff is detailed in the table below:

Table 7.28: Revenue at Existing Tariff as approved by the Commission for F.Y. 2025-26

(Rs. Crores)

Sl. No.	Particulars	F.Y.2025-26
1	**Total Sales within the State**	349.30
2	Sale outside State	184.25
3	**Total Sales (1+2)**	**533.54**

The Commission approves revenue from sale of energy with existing tariff at ₹ 349.30 Crore on sale of 538.77 MUs within the state at an average rate of ₹6.48/kWh & ₹184.25 Crore on sale of 476.15 MUs from outside State sale at an average rate of ₹3.87/kWh for the F.Y. 2025-26.

7.22 Aggregate Revenue Requirement (ARR) and Gap

The Aggregate revenue requirement and gap projected by PDS for the F.Y. 2025-26 is furnished in table below:

Table 7.29: Aggregate Revenue Requirement projected by PDS

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	2025-26 (Projected)
1	**2**	**3**	**4**
1	Cost of Fuel	0.00	0.00
2	Cost of Generation	0.00	0.00
3	Cost of Power Purchase	164.21	277.5
5	Intra State Transmission Charge	38.11	41.36
	POC/Non POC, ERLDC & Other Charges	-	42.53
4	Employee Costs	223.13	214.70
6	Repair and Maintenance Expense	9.30	14.12
7	Administration and General Expenses	3.31	3.64
8	Depreciation	18.69	26.98
9	Interest Charges	3.09	0.00
10	Interest on Working Capital	6.87	0.00
	Return on Equity	0.00	0.00
11	Previous Year Expenses of Power Cost	0.00	2.15
12	**Total Revenue Requirement**	**466.71**	**622.98**
13	Less: Non-Tariff Income	0.61	8.75
14	**Net Revenue Requirement**	**466.10**	**614.23**
15	Revenue from Tariff		407.16
16	Revenue from Outside State Sales		108.21
17	**Surplus /(Gap)**		**(98.86)**

Based on the approvals of the above projections, the ARR & Gap of PDS for the F.Y. 2025-26 works out as detailed in table below:

Table 7.30: Aggregate Revenue Requirement approved by the Commission

Sl. No.	Particulars	As approved by the Commission in MYT Order dated 13.03.2024	2025-26 (Projected)	Now approved by Commission
1	**2**	**3**	**4**	**5**
1	Cost of Fuel	0.00	0.00	0.00
2	Cost of Generation	0.00	0.00	0.00
3	Cost of Power Purchase	164.21	277.49	277.49
5	Intra State Transmission Charge	38.11	41.36	41.36
	POC/Non POC, ERLDC & Other Charges		42.53	
4	Employee Costs	223.13	214.70	214.70
6	Repair and Maintenance Expense	9.30	14.12	14.12
7	Administration and General Expenses	3.31	3.64	3.64
8	Depreciation	18.69	26.98	17.52
9	Interest Charges	3.09	0.00	0.00
10	Interest on Working Capital	6.87	0.00	10.21
11	Return on Equity	0.00	0.00	0.00
12	Previous Year Expenses of Power Cost	0.00	2.15	0.00
13	**Total Revenue Requirement**	**466.71**	**622.98**	**579.04**
14	Less: Non Tariff Income	0.61	8.75	8.75
15	**Net Revenue Requirement**	**466.10**	**614.23**	**570.29**
16	Revenue from Tariff		407.16	349.30
17	Revenue from Outside State Sales		108.21	184.25
18	**Surplus /(Gap)**		**(98.86)**	**(36.74)**

Accordingly, the Commission approves the Aggregate Revenue Requirement at ₹ 570.29 Crore against ₹ 614.23 Crore projected by PDS for the F.Y. 2025-26.

7.23 Revenue Gap for the F.Y. 2025-26

Based on the Aggregate Revenue Requirement and revenue from existing tariffs for F.Y. 2025-26, the resultant GAP is as shown in the table below.

Table 7.31: Approved Revenue at Existing Tariff & Gap/surplus

Sl. No.	Particulars	F.Y. 2025-26
1	**Net Revenue Requirement**	570.29
2	Revenue from Tariff	349.30
3	Revenue from Sale Outside the State	184.25
4	**GAP/(Surplus)**	**36.74**
5	Energy Sale within the State (MUs)	538.77
6	Energy Sale Outside the State (MUs)	476.15
7	**Average Cost of Supply Rs/ kWh**	**5.62**

The Revenue gap of ₹ 36.74 Crore has been arrived at on the basis of the approved data for the F.Y. 2025-26. The average cost of supply for the F.Y. 2025-26 is ₹ 5.62/kWh & average revenue from tariff is ₹5.26/kWh. The average revenue gap is ₹0.36/kWh.

7.24 Recovery of Revenue Gap for the F.Y. 2025-26

As seen from para above, there is a revenue Gap of ₹ 36.74 Crore during the F.Y. 2025-26 which is 6.44% of net ARR for the F.Y. 2025-26. The existing tariff was fixed with effect from 01.04.2024.

PDS does not propose to recover the entire Gap as this would have a substantial impact on social economic and financial well-being of the public at large. PDS being a Government Department funded by budgetary support from State Government, it proposes to absorb the unrecovered gap. However, PDS proposed an average increase in tariff to bridge the gap partially.PDS has proposed changes in tariff slabs and increase in tariff for all categories. PDS had also proposed introduction of Time of Day (ToD) tariff for Industrial consumers in its petition.

PDS submitted that it had suffered massive revenue losses in the past and is now making all possible efforts to bridge the revenue gap, Therefore, the PDS prays that the marginal tariff hike proposed by it be considered by the Commission, which will help the Department make up for the accumulated gaps/losses suffered by it in the past financial years (till F.Y. 2023-24).

As such, the Commission considers it reasonable to slightly revise the tariffs for all categories without giving tariff shock to consumers and to bridge the past cumulative gap partially. Owing to revision of tariffs, the PDS is expected to get additional revenue of ₹49.22 Crore as detailed in table below:

Table 7.32: Revenue from revised Tariff approved by the Commission for F.Y. 2025-26

Sl. No.	**Particulars**	**Sales** (MUs)	**Total (Rs. In Crore)**
1	**Domestic (DLT)**		
a)	1 to 50 Units	61.82	9.89
b)	51 to 100 Units	28.21	7.33
c)	101 to 200 Units	18.45	6.64
d)	201 to 400 Units	13.00	5.33
e)	401 & above	9.70	4.46
	Total		**33.66**
2	Commercial		
	1 to 50 Units	14.19	5.82
b)	1 to 100 Units	12.47	6.36
c)	101 to 200 Units	6.06	3.70
d)	201 to 400 Units	3.53	2.51
e)	401 & above	17.66	13.07
	Total		**31.44**
3	Public Lighting		
a)	Rural Areas	0.07	0.03
b)	Urban Areas	0.26	0.16
	Total		**0.19**
4	**Temporary**	7.79	4.54
5	**Industrial**		
A	HT		
	HT (AC) above 3.3 KV		
a)	Upto 250 KVA	35.41	39.43
b)	250-500 KVA	3.75	16.69
c)	500KVA and Above	268.92	246.05
	Total HT		**302.17**
B	**LT (Rural)**		
a)	Up to 500 Units	1.06	0.49

b)	501-1000 Units	0.03	0.02
c)	1001 & Above	0.05	0.03
	Total		**0.54**
C	**LT(Urban)**		
a)	Up to 500 Units	0.05	0.03
b)	501-1000 Units	0.00	0.00
c)	1001 & Above	0.00	0.00
	Total		**0.03**
6	**BULK SUPPLY**		
a)	LT	16.94	12.18
b)	HT	19.37	13.76
	Total		**25.94**
7	**Grand Total**	**538.77**	**398.51**

With the revision of tariff, the PDS will generate additional revenue of ₹ 49.22 Crores Thereby, the revenue surplus is calculated to ₹ 12.47 Crore during FY 2025-26, which the PDS shall use for meeting the earlier gap.

The Revenue increase to ₹ 398.51 Crore as against ₹349.30 Crore has been arrived on the basis of the approved data for the F.Y. 2025-26. The Commission, accordingly, approves revenue from revised tariffs at ₹ 398.51 Crore with the energy sales of 538.77 MUs.

Further, with regard to ToD Tariff, the PDS vide its letter No. 05/CE/NODAL/E&P/2014-15/659 dated 05.03.2024 submitted that most of the meters installed in the H.T consumers are not compatible for introducing ToD tariff and as such submitted that the proposal for introducing ToD tariff will be submitted once the Department completes installing smart meters in the State. PDS further submitted that it has proposed installation of smart meters under RDSS scheme for all categories of consumers and that the works on same will commence shortly.

Taking into account the submissions of the PDS, the Commission deems it fit to introduce ToD tariff only for HT Industrial consumers during F.Y 2025-26.

8. DIRECTIVES AND ADVISORIES

Introduction

The Hon'ble Commission in its Multi Year Tariff Order dated 26th February, 2021 the F.Y. 2021-22 to F.Y. 2023-24 and also Tariff Order dated 14th March, 2022 for F.Y. 2022-23 had issued a number of directives and advisories for compliance by the PDS. The directives and advisories were issued by the Commission with the aim and objective of not only improving the overall performance and efficiency of the department but also to ensure that the quality and standard of service to the consumers improve in the long run. The advisories and directives were issued with the sole intention to help the Department to make steady improvement its financial state and reduction of the revenue gaps in the future.

This section of the Tariff Order deals with the different directives issued by the Hon'ble Commission and status of compliance of the directives by the PDS, the views/comments of Commission on the past directives and fresh directives for compliance.

<u>Directives for F.Y 2021-22</u>

6.1 Directive 1: Information on RPO/HPO Compliance

The Power Department is directed to create a separate page in its official website indicating the details of RPO/HPO compliance. The Department is advised to ensure that the RPO/HPO compliance details are provided in such a form/manner in the website that the details are very easy to see and understand.

Comments of the Commission in the last Order:

The Commission reiterates the directive for strict compliance.

Compliance:

The Department has submitted details of the RPO compliance for the F.Y 2024-25 (till Third Quarter i.e October-December).

<u>Comments of the Commission</u>

The Department is obligated as per the standing regulations and directives of Government of India to furnish the RPO compliance report on quarterly basis. Further, the Department has not made any effort so far to dedicate a separate column/page in its official website for RPO compliance. The

Department is directed to take immediate steps to upload the RPO compliance on its website and also update the data on regular basis.

Introduction of Direct Benefit Transfer

In order to prevent and curtail the revenue losses, especially in the rural areas, where the State Government is providing free electricity upto 100 units, the Department is directed to introduce Direct Benefit Transfer (DBT) and transfer the subsidies well in advance to the eligible consumers and realize the bills for electricity consumed by the consumers. However, before introduction of the DBT, the Department is advised to properly inform and sensitize the consumers about the DBT and the concept of free power considering the notion of free power amongst the rural masses and past unsuccessful attempt of DBT.

Comments of the Commission in the last order:

The Government of India has issued directives on several occasions for introduction of DBT in the interest of the consumers. The Department is directed to pursue the matter vigorously with the State Government for early introduction of DBT.

Compliance: Nil

Comments of the Commission

The Department has not furnished any information/response on the Directives issued by the Commission. The Commission views the laid-back response of the Department on a serious note and warns the Department to take the directives seriously. Non-compliance of the directives/orders of the Commission amounts to 'contempt of court' and non-compliance in future will lead to penal action. The Commission reiterates the directive and directs the Department to submit an 'action taken report' **within a period of 15 days from the date of this Order.**

Fresh Directives for F.Y 2022-23

7.5 Directive 5: Verification of actual consumer category.

PDS is directed to verify and check the 'true consumer category' in both rural and urban areas. Due to the rise of tourism activities in the State, there is a possibility that the old domestic consumer connections are now being catering to commercial purpose, which may seriously impact the revenue of the Department and also during this process the entire actual system load can be verified.

Comments of the Commission in the last order

The Commission reiterates the directive.

Compliance:

The hon'ble commission direction is noted and all circle /division office are directed to ensure actual meter reading of the consumer as per the category and levying of demand charge as per the tariff order.

COMMENTS OF THE COMMISSION:

The Department's initiative/efforts are noteworthy. The Commission advises the Department to remain vigilant and carry out routine surprise checks.

FRESH DIRECTIVES 2023-24

4.Reliable and Quality Power Supply.

Commission is receiving frequent complaints regarding irregular power supply and power outages both in rural and urban areas from consumers. The Department is directed to ensure reliable and quality 24x7 power supply to its consumers, which is right of the consumers. The Department has to strictly comply with the standard of performance notified by the commission and take note that failure to adhere to the standards will invite invoking of clauses for payment of compensation /fines.

Comments of the Commission in the last order:
The Commission is pained to note the casual approach of the Department in submitting compliance of the directive issued. The Commission issues directives/advisories keeping in view not only the interest of the consumers but also for improvement of efficiency and quality of services offered by the Department. The Commission advises the Department to take all directives/advisories seriously and avoid repeating lackadaisical approach in future. The Commission reiterates the directive.

Compliance:

Power Department is taking up loss reduction work under RDSS /ADB, under which, most of the overhead transmission and distribution line are being converted to covered conductor to avoid frequent line fault. Once the project is completed the failure of power supply in distribution system will be reduced. The major issues of power supply failure in the 66kv transmission line will be solved once the Strengthening of Transmission line under Comprehensive project undertaken by PGCIL is completed.

Comments of the Commission

The Commission is keenly observing the progress of “Strengthening of Transmission line” under Comprehensive Project being implemented by the PGCIL. The Department is directed to extend its cooperation to PGCIL for timely completion of the scheme.

DIRECTIVES FOR FY 2024-25

1.Compliance of Directives /Advisories.

The Department’s compliance of directives issued by the commission vs-a-vis the efforts made towards follow up action on the advisories issued are very poor. The commission observes that the Department is not taking the directives and advisories seriously. The Department needs to understand that the directives and advisories issued by the commission are intended not only for improvement of the services being provided to the consumers but also for improvement of the financial health and enhancement of the standard of performance of the Department. The Department is directed to take the directives/advisories issued by the Commission seriously.

Compliance:

Hon’ble Commission’s directive is noted and shall be complied.

<u>Comments of the Commission</u>

The Commission notes that compliance of directives/advisories by the Department is still not upto the mark. The Department needs to appreciate the fact that the Directives are being issued by the Commission not merely to fulfil regulatory provisions but to help improve the quality of services and financial health of the Department, which in the long run will be beneficial to the entire power sector including the consumers.

2.Filing of Correct data/information

Petition/applications filed by the Department before the commissionaire under oath and on affidavit. However, it is observed that there are numerous errors in the various data /figures being submitted by the department in its petition, which amounts to demeaning the Hon’ble Commission and liable to fine /action as per the Electricity Act, 2003. The Department is directed to make sure that all the data /information are properly checked/verified prior to submission to the commission.

Compliance:

Hon’ble commission directive has been noted and correct data will be submitted henceforth.

<u>Comments of the Commission</u>

The Commission feels that there is more scope for improving/upgrading the quality of data/documents and filings being done in the Petition. The Department is directed to take serious note of the directive.

3.Timely compilation of Petition /Application and filing

It is noted that the Department waits till the last minute for filing of petition and tends to file the petition without proper scrutiny and verification. This results in numerous mistakes in the ARR/Tariff petition and poor standard of the petition. The Department is advised to start the process for drafting, collection of data and other information well in advance and avoid filing of petition on the last day/hour.

Compliance:

The Hon'ble commission directives have been noted and shall be complied.

<u>Comments of the Commission</u>

Though the Department has been very regular in filing of the Petitions within the specified time, the quality of the data is still not as expected. Filing of ARR/Tariff Petition is a routine matter and as such the Commission expects the highest standard from the Department. The Department is directed to strictly abide by this directive.

4.Automation Timely Refund of Money.

Prepaid meter consumers have reported instances of failed online prepaid recharges but money being deducted from their bank accounts and non-refund of the money deducted towards failed recharge. Thus, the consumers are facing the double problem of not getting their money back and failure in prepaid recharge. The Department is directed to develop an automatic system for timely refund of money to the consumers as well as a robust mechanism that ensure 100% successful online recharge.

Compliance:

In compliance to the directives of the Hon'ble Commission, the issues of problem in regard to prepaid meter was discussed with smart meter installation firm and some are rectified in the new smart meter.

<u>Comments of the Commission</u>

Although this issue has been dealt earlier, the Commission feels it necessary to reiterate this Directive in the overall interest of the consumers. The issues related to failed recharge, non-refund of money deducted etc are still being reported by consumers.

5.Simplification of Electricity Bills /Issuance in the language of Choice.

Ministry of Power, Govt. of India has informed that during the 3rd National Conference of Chief Secretaries held from 27th to 29th December 2023, it was agreed that electricity bills would be simplified with easy-to-understand terms and also either English, Hindi or the State /Regional language.

These recommendations are targeted to be implemented by March 2024.This matter was further discussed during the interaction of the Hon'ble Minister of Power, New & Renewable Energy, Govt. of India with the Forum of Regulators on 08.02.2024.

The Department is directed to comply with the directives issued by the Ministry of Power, Govt. of India.

Compliance:

Hon'ble Commission's direction has been complied. The printing of electricity bill in English and Nepali language has been approved on 29/06/24. The MoP, GOI has agreed on same.

Comments of the Commission

The Commission is happy to note that the Directive has been complied and advises the Department to ensure timely delivery/dispatch of the bills to the consumers.

6.Adhering to timeline for new Connection.

The Electricity (Rights of Consumers) Amendment Rules ,2024 has been notified by the Ministry of Power, Government of India on 22nd February 2024.By the said amendment, certain changes have been made to rule 4 sub rule (11) with regards to the timelines specified for providing new connection or modifying existing connection. The amendment made to rule 4 sub rule (11) is o reproduced below.

"*3.In the Principal rules, in rule -14,-*

(i)For sub rule (11) ,the following shall be substituted namely:-
(11) The Commission shall specify the maximum time period after submission of application complete in all respects, not exceeding three days in metropolitan areas and fifteen days in rural areas, within which the distribution licensee shall provide new connection or modify an existing

connection. Provided that for rural areas of State and Union Territories having hilly terrain, maximum time period for new connection or modification of an existing connection, after submission of application, complete in all respects, shall not exceed thirty days:

Provided further that where such supply requires extension of distribution mains or commission of new substation, the distribution licensee shall supply electricity to such premises immediately after such extension or commission within a period not exceeding ninety days."

In line with above amendments, the Commission is in the process of amending the existing regulations. In the meanwhile, the Department is directed to strictly adhere to the amended timeline specified in the Electricity (Rights of Consumers) Amendment Rules. In the meanwhile, the Department is directed to strictly adhere to the amended timelines specified in the Electricity (Rights of Consumers) Amendment Rules, 2024.

Compliance:

Hon'ble Commission's directives in regard to timeline for new connection has been complied. The notification to follow timeline for new connection was issued vide notification no 03/Power/Admin dated 13/06/2024.

Comments of the Commission

The Commission appreciates the steps taken by the Department for timely compliance of the Directive. It is advised that the timelines specified in the new regulations/notifications are strictly adhered to.

NEW DIRECTIVES FOR F.Y 2025-26

1.Public Awareness on Smart Prepaid Meters/Issues of Prepaid meters

There is still major lack of awareness among the consumers regarding smart prepaid meters/prepaid meters including the nitty-gritties about their functions/operations etc. The Department is directed to ramp up its efforts towards giving wider public awareness on smart meters. It takes time for public to accept new technologies/mechanisms and same is the case with smart prepaid meters. Unless the Department creates wider awareness among the public, it will encounter lot of hurdles in ensuring 100% coverage of smart prepaid meters.

Frequent complaints/issues related to non-functional smart prepaid meters, wrong meter reading etc are being reported by consumers. The Department is directed to take immediate steps to rectify the shortcomings. Unless the issues/shortcomings are addressed, the whole objectives behind installing of smart prepaid meters will be defeated.

2.Delay in Implementation of Smart prepaid meter installation

It has been considerable time since the process of installing smart prepaid meters started in the State. However, the progress of meter installation is very poor. The Commission is aghast to note that not even 15% of total consumers has been covered by smart prepaid meters so far. Even the meters already installed have not been activated in most of the locations. If the Department intends to bring down the losses and improve its revenue, top priority must be given for speeding up the meter installation. The Department is directed to invariably complete the smart meter installation latest by the end of F.Y. 2025-26.

3.Monitoring Quality of Works and Machines/Equipment

The Department is undertaking several infrastructural development works/schemes funded by the Central /State Government. These works/schemes are intended to improve the overall quality of Transmission and Distribution networks in the State. Therefore, it is necessary that highest standards are maintained both in the works and the machines/equipment being installed/supplied.

The Department is directed to regularly inspect the quality/standard of works being implemented and the machines/equipment being installed. For which, the Department is advised to conduct surprise site visits and checks to ensure that the quality is not compromised.

9. TARIFF PRINCIPLES AND DESIGN

9.1 Background

(a) The Commission in determining the revenue requirement of PDS for the ARR and retail tariff for the F.Y. 2025-26 has been guided by the provisions of Electricity Act, 2003. The National Tariff Policy (NTP), CERC Regulations in this regard and SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020, Section 61 of the Act lays down the broad principles, which shall guide determination of retail tariff. As per these principles the tariff should "Progressively reflect cost of supply" and also reduce the Cross subsidies "within a period specified by the Commission". The Act lays special emphasis on safeguarding consumer interests and also requires that the costs should be recovered in a reasonable manner. The Act mandates that tariff determination should be guided by the factors, which encourage competition, efficiency, economical use of resources, good performance and optimum investment.

The NTP notified by GOI in January, 2006 provides comprehensive guidelines for determination of tariff as also working out the revenue requirement of power utilities. The Commission has endeavored to follow these guidelines as far as possible.

(b) The NTP mandates that Multi Year Tariff (MYT) framework be adopted for determination of tariff from 1st April, 2015. However, the Commission permitted the PDS to file petition under single year tariff regime till F.Y. 2017-18 considering the fact that the PDS was functioning as a State Government

Department and the fact that the Generation, Distribution and Transmission business had not been segregated. An attempt was made by the PDS to file petition under multi year tariff regime during the F.Y. 2015-16 but the petition was not admitted by the Commission as the PDS was not in a position to furnish the vital details/data/documents etc. required for processing of the petition under MYT regime. Therefore, the Commission deemed it fit to continue with single year tariff regime till such a time that the PDS is in a position to furnish the basic/bare necessary data/figures/details required by the Commission.

(c) The mandate of the NTP is that tariff should be within plus/ minus 20% of the average cost of supply. It is not possible for the Commission to implement this at present because of consumers' paying capacity in Sikkim is low. There has been a high level of the fluctuating revenue gap. However, in this tariff order an element of performance target has been indicated by setting target for T&D loss reduction. The improved performance, by reduction of loss level, and increase in sale will result in substantial reduction in average cost of supply. The Commission has considered for a nominal increase in tariff in view of the paying capacity of the consumers.

(d) Clause 8.3 of National Tariff Policy lays down the following principles for tariff design:

(i) In accordance with the National Electricity Policy, consumers below poverty line who consume below a specified level, say 30 units per Month, may receive a special support through Cross subsidy. Tariffs for such designated group of consumers will be at least 50% of the average cost of supply. This provision will be re-examined after five years.

(ii) For achieving the objective that the tariff progressively reflects the cost of supply of electricity, the SSERC would notify the roadmap, within six Months with a target that latest by the end of the F.Y. tariffs are within ± 20% of the average cost of supply. The road map would have intermediate milestones, based on the approach of a gradual reduction in Cross subsidy.

(e) Regulation 72 of SSERC (Terms and Conditions for Determination of Tariff for Generation, Transmission, Wheeling and Distribution & Retail Supply under Multi Year Tariff Framework) Regulations, 2020 specifies that,

"The amount received by the Distribution Licensee by way of cross subsidy surcharge as approved by the Commission in accordance with the Sikkim State Electricity Commission (Terms and Condition of Intra-State Open Access) regulations, 2012 as applicable and as amended from time to time, shall be deducted from the Aggregate Revenue Requirement in calculating the tariff supply of electricity by such Distribution Licensee at the time of truing up."

(f) The Commission has considered special treatment to BPL consumers. It has also aimed at raising the per capita consumption of the State. The Commission endeavors that the tariff progressively reflects cost of supply in a reasonable period and the Government subsidy is also reduced gradually. The tariff has been rationalized with regards to inflation, paying capacity and to avoid tariff shock.

9.2 Tariff Proposed by the PDS and Approved by the Commission

(a) Existing & Proposed Tariff

PDS in its tariff petition for the F.Y. 2025-26 has proposed for revision of the existing retail tariffs to various categories of consumers to earn additional revenue to meet the expenses to a reasonable extend. The PDS has proposed tariff revision as indicated in table below:

Table 9.1: Existing Tariffs v/s proposed Tariffs for F.Y. 2025-26

Sl. No.	Particulars	Existing Rate Paisa /kWh	Proposed Rate Paisa /kWh
1	**Domestic**		
a)	Up to 50 Units	110	210
b)	51 to 100 Units	210	310
c)	100 to 200 Units	310	410
d)	200 to 400 Units	360	460
e)	401 & above	410	510
2	**Commercial**		
a)	Up to 50 Units	310	460
b)	51 to 100 Units	410	560
c)	100 to 200 Units	510	660
d)	200 to 400 Units	610	760
e)	401 & above	640	790
3	**Public Lighting**		
	Rural Areas	400	550
	Urban Areas	500	650
4	Supply to Army Pensioners	Domestic rates are applicable	Domestic rates are applicable
5	Supply to Blind		
6	Supply to place of worship		
7	**Industrial**		
A	HT		
a)	HT (AC) above 3.3 KV		
b)	Up to 100 KVA	540	Slabs proposed to be deleted/merged
c)	100-250 KVA	590	
d)	Up to 250 KVA	-	740
e)	250-500 KVA	640	790
F)	500KVA and above	690	840
B	**LT (Rural)**		
a)	Up to 500 Units	360	510
b)	501-1000 Units	440	590
c)	1001 & above	580	730
C	**LT(Urban)**		
a)	Up to 500 Units	530	680
b)	501-1000 Units	620	770
c)	1001 & above	715	860
8	**BULK SUPPLY**		
a)	LT	550	700
b)	HT	550	700

(b) Tariff Categories

The approved tariff categories v/s sub categories are given below:

- Domestic Supply (DS)
- Commercial Supply (CS)
- LT Industrial Supply (LTIS)
- Public Lighting
- HT Supply
- Bulk Supply
  a. LT
  b. HT
- Temporary Supply

(c) Tariffs approved by the Commission

Having considered the case no.: P-01/PDS/2024-25 for approval of Aggregate Revenue Requirement (ARR) and determination of retail tariff for sale of energy and having approved Aggregate Revenue Requirement in aforesaid paras, the Commission has revised the tariff for different categories of consumers as detailed in the table below:

Table 9.2: Tariff approved by the Commission for F.Y. 2025-26

Sl No	Category of Consumers	Energy Charges	Fixed Charges	
		Rate approved by SSERC Paisa/Unit	Monthly Minimum Charge (₹per Month)	Demand Charge (₹/KVA/Month)
1	2	3	4	5
1	**Domestic**			
a)	Up to 50 units	160	1 Phase:₹50 3 Phase:₹200	Nil
b)	51 to 100 units	260		
c)	101 to 200 units	360		
d)	201 to 400 units	410		
e)	401 and above	460		
2	**Commercial**			
a)	Up to 50 units	410	**Applicable to Sanctioned Load of below 25 KVA**	**Applicable to Sanctioned Load of 25 KVA & Above**
b)	51 to 100 units	510	1 Phase:₹200	Rural : ₹60
c)	101 to 200 units	610		

d)	201 to 400 units	710	3 Phase: ₹500	Urban: ₹ 100
e)	401 and above	740		
3	**Public Lighting**			
a)	Rural Areas	500	Nil	Nil
b)	Urban Areas	600		
4	**Industrial**			
A	**HT**			
a)	**HT (AC) above 3.3 KV**			
b)	Upto 250 KVA	690	Nil	₹250/KVA/Month
c)	250 to 500 KVA	740		₹290/KVA/Month
d)	500 KVA and above	790		₹560/KVA/Month
B	**LT (Rural)**			
a)	Up to 500 units	460	**Contract Load 45 KW & Below** ₹500/Month **Contract Load above 45 KW** ₹120/KVA/Month	**Sanctioned load above 25 KVA with shared transformer** ₹60/KVA/Month
b)	501 to 1000 units	540		
c)	1001 and above	680		
C	**LT (Urban)**			
a)	Up to 500 units	630	**Contract Load 45 KW & Below** ₹500/Month **Contract Load above 45 KW** ₹200/KVA/Month of sanctioned load	**Sanctioned load above 25 KVA with shared transformer** ₹100/KVA/Month
b)	501 to 1000 units	720		
c)	1001 and above	815		
5	**Bulk Supply**			
a)	LT	650	**Contract Load 45 KW & Below** LT: ₹ 500/Month HT: ₹ 500/Month	**Contract Load above 45 KW** LT:₹150/KVA/Month of sanctioned load HT: ₹150/KVA/Month of sanctioned load
b)	HT	650		

Details are given in tariff schedule in the Appendix.

This order shall come into force from 01.04.2025 and shall remain effective till revised or amended by the Commission. The Order shall be uploaded in the official website of Commission and copies to be forwarded to the Power Department, Central Electricity Authority and Central Electricity Regulatory Commission.

The Commission directs the Power Department, Government of Sikkim, to publish the tariff approved by the Commission in two local newspapers having wide circulation in the State for information of the public and also to upload it in the official website of the Department.

Accordingly, the Case No. P**-01/PDS/2024-25 stands disposed of.**

Sd/-

(K. B. Kunwar)

Place: Gangtok **Chairperson**

Date: 27th March 2024

10. WEELING CHARGES, OPEN ACCESS TRANSMISSION CHARGES, CROSS SUBSIDY, ADDITIONAL SURCHARGE

10.1 Wheeling Charges

The net distribution ARR approved is segregated into wire business and retail supply business in accordance with the matrix detailed in the table below:

Table 10.1: Allocation Matrix

Sl No.	Particulars	Wire Business	Retail Supply Business
1	Cost of Fuel	0	100
2	Cost of Power Purchase	0	100
3	Employees Costs	60	40
4	Repair & Maintenance Expense	90	10
5	Administration & General Expense	50	50
6	Depreciation	90	10
7	Interest Charge	90	10
8	Interest on Working Capital	10	90
9	Return on NFA/Equity	90	10
10	Non-Tariff Income	10	90

The expenses are segregated into wire business and retail supply business as per the above Matrix and shown in the table below:

Table 10.2: Segregation of wires and Retail Supply Costs for F.Y. 2025-26

Sl No.	Particulars	Approved Cost	Wire Business	Retail Supply Business
1	Cost of Fuel	0.00	-	0.00
2	Cost of Generation	0.00	-	0.00
3	Cost of Power Purchase	277.49	-	277.49
4	Intra State Transmission Charge	41.36	41.36	-
5	Employees Costs	214.70	128.82	85.88
6	Repair & Maintenance Expense	14.12	12.71	1.41
7	Administration & General Expense	3.64	1.82	1.82

8	Depreciation	17.52	15.76	1.75
9	Interest Charge	0.00	0.00	0.00
10	Interest on Working Capital	10.21	1.02	9.19
11	Return on NFA/Equity	0.00	0.00	0.00
12	Less : Non Tariff Income	8.75	0.88	7.88
13	**Total**	**570.29**	**200.62**	**369.67**

The wheeling charges have been computed on the basis of approved cost for its distribution wire business and the total energy expected to be wheeled through its network. In the absence of segregated data on costs of operation of 33 KV and 11 KV networks and sales, Wheeling Charges are not segregated voltage wise. Combined wheeling charges determined are given in table below:

The Commission has arrived the Wheeling Charges based on the above wire cost and energy sale for the F.Y. 2025-26 and shown in the table below:

Table 10.3: Wheeling Tariff approved by the Commission

Sl No.	Particulars	F.Y. 2025-26
1	ARR for Wheeling Function approved by Commission (In Rs. Crore)	200.62
2	Total Sale - Approved (In MUs)	1014.92
3	Wheeling Tariff (Rs./kWh)	1.98

The wheeling tariff arrived at ₹ 1.98 /kWh is based on the combined ARR of Generation, Transmission and Distribution/Retail Sale Businesses. Further, the PDS has not segregated the accounts for the three businesses. The wheeling charges thus arrived at by the Commission is on higher side as compared to that of other States. Further PDS is a State Government Department and most of its distribution system infrastructures have been set up with budgetary support of the State Government or funding/grants provided by the Central Government.

Keeping in view the difficulties that can be posed to open access consumers/stake holders due to high wheeling tariff, the Commission deems it fit to fix the wheeling tariff @ 25% of ₹ 1.98/kWh. Accordingly, the Commission approves wheeling Tariff at ₹ 0.495 /kWh for the F.Y. 2025-26.

10.2 Open Access Transmission Charges

PDS did not submit the data or worked out the Transmission Charges. However, based on transmission charges approved by the Commission for F.Y 2025-26 & peak load handling capacity of the PDS, the Commission has arrived at Open Access Transmission Charge for the F.Y. 2025-26 shown in the Table below:

Table 10.4: Open Access Transmission Charges for F.Y 2025-26

Sl. No.	Particulars	F.Y. 2025-26
1	Open Access Charges (₹ Crores)	41.36
2	MW Capacity (MW)	150
3	**Open Access Charges (₹/MW/Month)**	229778.00
4	**Open Access Charges (₹ /MW/Day)**	7554.00

Accordingly, the Commission approves Open Access Transmission Charges @ ₹229778/MW/Month and ₹ 7554/MW/Day for F.Y 2025-26. The charges shall be applicable only to Open Access Users who intend to use the intra-state transmission system of the PDS.

10.3 Cross Subsidy surcharge

As per Section 42 of the Electricity Act 2003, Cross-subsidy surcharge is payable by Open Access Consumers**.**

The Commission has determined the Cross Subsidy Surcharge for FY 2025-26 based on approved ARR for FY 2025-26. For the purpose of computation of Cross Subsidy Surcharge (CSS) for FY 2025-26, the Commission has considered the formula as specified in the SSERC Tariff Regulations, 2022.The CSS determined in the order is in accordance with the spirit of the Act on Cross Subsidy Surcharge. Accordingly in this order the Commission has capped CSS at the rate of 20% of Average cost of supply as per provisions of Electricity (Amendment) Rules, 2022.

The Cross Subsidy Surcharge payable for FY 2025-26 by the open access consumers works out as below:

Category of consumer	Consumer	Tariff (T)	Weighted Average Cost of Power (P)	System Losses (L)	Transmission, Distribution and Wheeling Charges (D)	PER UNIT COST OF CARRYING REGULATORY ASSETS (R)	Cross Subsidy Surcharge (S)	20% of Tariff	Cross Subsidy Surcharge to be Levied
		(A)	(B)	(C)	(D)	(E)	S=T-[C/(1-L/100)+D+R] (F)	(G)	Min (F,G)
HT	1 MW and above	9.32	4.07	10.00%	1.98	0.00	2.81	1.86	1.86

For the purpose of ARR for FY 2025-26, Commission has considered distribution losses of 14.50%, while working out the CSS for HT consumers, the Losses cannot be considered at 14.50% as it includes both LT and HT losses, therefore, in the absence of losses segregation, Commission has assumed losses at 10% for HT consumers. Accordingly, the Commission determines the following Cross Subsidy Surcharge payable for F.Y 2025-26 by Open Access Consumers of the HT category who are liable to pay CSS in accordance with the Electricity Act, 2003 and Rules and Regulations made there under:

FY 2025-26		
Category of Open Access Consumer	**Voltage Level**	**Cross Subsidy Surcharge (Rs. /Unit)**
HT	For 1 MW	1.86

The above Cross Subsidy Surcharge shall be levied and collected with effect from the date of applicability of this order and remain in force till CSS is re-determined by the Commission.

10.4 Additional Surcharge

It is observed that whenever any consumer opts for open access, the PDS continues to pay fixed charges to its contracted generation stations as per the PPAs. However, the PDS is not able to sufficiently recover such fixed cost obligation from the open access consumers. The cost recovered from fixed tariff schedule is less than the fixed costs incurred by the PDS which leads to the situation where the PDS is saddled with the stranded cost on account of its universal supply obligation.

To ensure that the burden of fixed cost of stranded power due to open access does not adversely impact the PDS and is also not passed onto the general consumers at large, the PDS is entitled to collect Additional Surcharge as per Section 42 (4) of the Electricity Act, 2003.

Section 42 (4): Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply."

However, in the absence of any proposal for additional surcharge from the Petitioner, the Commission has not determined any Additional Surcharge for F.Y .2025-26 and directs the PDS to file a suitable proposal in the next tariff petition.

10.5 ToD Tariff

A **Time of Day (ToD) tariff** is a type of electricity pricing structure where the rate charged for electricity consumption varies depending on the time of day, day of the week, or season. Open access allows large consumers of electricity to buy power directly from the open market or from a supplier of their choice, bypassing the local distribution utility.

The **ToD tariff** model benefits both **consumers** and the **power sector** by encouraging energy consumption during off-peak periods, reducing costs, and improving the overall efficiency and stability of the power grid.

PDS proposed to recover the Gap partially through TOD collections. Accordingly, the **Commission approves the ToD Tariff applicable to H.T Consumers for FY 2025-26 as under:**

Approved ToD for FY 2025-26	**00:00 AM to 6:00 AM (6 Hrs) Off Peak**
	₹ 0.40 per unit less than normal tariff (Applicable only to H.T Consumers)

The approved ToD tariff shall be applicable to HT consumers only.

11. FUEL AND POWER PURCHASE COST ADJUSTMENT

11.1 Background

Section 62 sub-section 4 of the Electricity Act, 2003 provides that no Tariff or part of any Tariff any ordinarily be amended, more frequently than once in every financial year, except in respect of any changes expressly permitted under the terms of any fuel surcharge formula as may be specified. This provision of the Act requires the Commission to specifying the formula for fuel surcharges

11.2 The Ministry of Power, Government of India has notified the Electricity (Amendment) Rules, 2022 and Rule 14 of the said Amendment Rules provides for specifying a price adjustment formula by the Appropriate Commission for recovery of the costs, arising on account of the variation in the price of fuel, or power purchase costs and that the impact in the cost due to such variation shall be automatically passed through in the consumer tariff, on a monthly basis, using the formula and such monthly automatic adjustment shall be trued up on annual basis by the Appropriate Commission:

Provided that till such a methodology and formula is specified by the Appropriate Commission, the methodology and formula specified in the Schedule – II of the Rules shall be applicable:

Accordingly, the Commission specifies the formula given by the Ministry of Power, Government of India in Schedule-II to the Electricity (Amendment) Rules, 2022 as the formula for computation of Fuel and Power Purchase Adjustment Surcharge as under:

Fuel and Power Purchase Adjustment Methodology

1. Computation of fuel and power purchase adjustment surcharge:

(1) For these rules "Fuel and Power Purchase Adjustment Surcharge" (FPPAS) means the increase in cost of power, supplied to consumers, due to change in Fuel cost, power purchase cost and transmission charges with reference to cost of supply approved by the State Commission.

(2) Fuel and power purchase adjustment surcharge shall be calculated and billed to consumers, automatically, without going through regulatory approval process, on a monthly basis, according to the formula, prescribed by the respective the State Commission, subject to true up, on an annual basis, as decided by the State Commission: Provided that the automatic pass through shall be adjusted for monthly billing in accordance with these rules.

(3) Fuel and Power Purchase Adjustment Surcharge shall be computed and charged by the distribution licensee, in $(n+2)^{th}$ month, on the basis of actual variation, in cost of fuel and power purchase and Interstate Transmission Charges for the power procured during the n^{th} month. For example, the fuel and power purchase adjustment surcharge on account of changes in tariff for power supplied during the month of April of any financial year shall be computed and billed in the month of June of the same financial year: Provided that in case the distribution licensee fails to compute and charge fuel and power purchase adjustment surcharge within this time line, except in case of any force majeure condition, its right for recovery of costs on account of fuel and power purchase adjustment surcharge shall be forfeited and in such cases, the right to recovery the fuel and power purchase adjustment surcharge determined during true-up shall also be forfeited.

(4) The distribution licensee may decide, fuel and power purchase adjustment surcharge or a part thereof, to be carried forward to the subsequent month in order to avoid any tariff shock to consumers, but the carry forward of fuel and power purchase adjustment surcharge shall not exceed a maximum duration of two months and such carry forward shall only be applicable, if the total fuel and power purchase adjustment surcharge for a Billing Month, including any carry forward of fuel and power purchase adjustment surcharge over the previous month exceeds twenty per cent of variable component of approved tariff.

(5) The carry forward shall be recovered within one year or before the next tariff cycle whichever is earlier and the money recovered through fuel and power purchase adjustment surcharge shall first be accounted towards the oldest carry forward portion of the fuel and power purchase adjustment surcharge followed by the subsequent month.

(6) In case of carry forward of fuel and power purchase adjustment surcharge, the carrying cost at the rate of State Bank of India Marginal cost of Funds-based lending Rate plus one hundred and fifty basis points shall be allowed till the same is recovered through tariff and this carrying cost shall be trued up in the year under consideration.

(7) Depending upon quantum of fuel and power purchase adjustment surcharge, the automatic pass through shall be adjusted in such a manner that, (i) If fuel and power purchase adjustment surcharge≤5%, 100% cost recoverable of computed fuel and power purchase adjustment surcharge by distribution licensee shall be levied automatically using the formula. (ii) If fuel and power purchase adjustment surcharge>5%, 5% fuel and power purchase adjustment surcharge shall be recoverable automatically as per 6(i) above. 90% of the balance fuel and power purchase adjustment surcharge shall be recoverable automatically using the formula and the differential claim shall be recoverable after approval by the State Commission during true up.

(8) The revenue recovered on account of pass-through fuel and power purchase adjustment surcharge by the distribution licensee, shall be trued up later for the year under consideration and the true up for any financial Year shall be completed by 30th June of the next financial year.

(9) In case of excess revenue recovered for the year against the fuel and power purchase adjustment surcharge, the same shall be recovered from the licensee at the time of true up along with its carrying cost to be charged at 1.20 times of the carrying cost rate approved by the State Commission and the under recovery of fuel and power purchase adjustment surcharge shall be allowed during true up, to be billed along with the automatic Fuel and Power Purchase Adjustment Surcharge amount.

Explanation: -For example, in the month of July, the automatic pass-through component for the power supplied in May and additional Fuel and Power Purchase Adjustment Surcharge, if any, recoverable after true up for the month of April in the previous financial year, shall be billed.

(10) The distribution licensee shall submit such details, in the stipulated formats, of the variation between expenses incurred and the fuel and power purchase adjustment surcharge recovered, and the detailed computations and supporting documents, as required by the State Commission, during true up of the normal tariff.

(11) To ensure smooth implementation of the fuel and power purchase adjustment surcharge mechanism and its recovery, the distribution licensee shall ensure that the licensee billing system is updated to take this into account and a unified billing system shall be implemented to ensure that there is a uniform billing system irrespective of the billing and metering vendor through interoperability or use of open-source software as available.

(12) The licensee shall publish all details including the fuel and power purchase adjustment surcharge formula, calculation of monthly fuel and power purchase adjustment surcharge and recovery of fuel and power purchase adjustment surcharge (separately for automatic and approved portions) on its website and archive the same through a dedicated web address.

Formula:

$$\text{Monthly FPPAS for } n^{th} \text{ Month (\%)} = \frac{(A-B)*C + (D-E)}{\{Z * (1- \text{Distribution losses in \%}/100)\} * ABR}$$

Where,

N^{th} month means the month in which billing of fuel and power purchase adjustment surcharge component is done. This fuel and power purchase adjustment surcharge is due to changes in

tariff for the power supplied in (n-2)th month

A is Total units procured in (n-2)th Month (in kWh) from all Sources including Long-term, Medium–term and Short-term Power purchases (To be taken from the bills issued to distribution licensees)

B is bulk sale of power from all Sources in (n-2)th Month. (in kWh) = (to be taken from provisional accounts to be issued by State Load Dispatch Centre by the 10th day of each month).

C is incremental Average Power Purchase Cost= Actual average Power Purchase Cost (PPC) from all Sources in (n-2) month (Rs. / kWh) (computed) - Projected average Power Purchase Cost (PPC) from all Sources (Rs. / kWh)- (from tariff order)

D = Actual inter-state and intra-state Transmission Charges in the (n-2)th Month, (From the bills by Transcos to Discom) (in Rs)

E = Base Cost of Transmission Charges for (n-2)th Month. = (Approved Transmission Charges/12) (in Rs)

Z = [{Actual Power purchased from all the sources outside the State in (n-2)th Month. (in kWh)* (1 – Interstate transmission losses in % /100) + Power purchased from all the sources within the State(in kWh)}*(1 – Intra state losses in %) – B]/100 in kWh

ABR = Average Billing Rate for the year (to be taken from the Tariff Order in Rs/kWh)

Distribution Losses (in %) = Target Distribution Losses (from Tariff Order)

Inter-state transmission Losses (in %) = As per Tariff Order

Note:

a. The Power Purchase Cost shall exclude any charges on account of Deviation Settlement Mechanism.

b. Other charges which include Ancillary Services and Security Constrained Economic Despatch shall not be included in Fuel and Power Purchase Adjustment Surcharge and adjusted though the true-up approved by the State Commission.

11.3 Recovery of Costs due to Change in Law

Rule 3 of the Electricity (Timely Recovery of Cost Due to Change in Law) Rules, 2021 notified by the Ministry of Power, Government of India provides for adjustment in tariff due to change in law. The rules states that “on the occurrence of change in law, the monthly tariff or charges shall be adjusted and recovered in accordance with these Rules to compensate the affected party so as to restore to affected party to the same economic position as if change in law have not occurred”.

Accordingly, recovery of cost due to change in Law shall be done as per the provisions of Rule 3 sub rules (1) to (9) of the Electricity (Timely Recovery of Cost Due to Change in Law) Rules, 2021, as amended from time to time.

Further, the formula for determination of impact on tariff or charges due to change in law as provided in The Schedule to the said Rules shall be applicable to all generating companies or transmission licensees.

APPENDIX

TARIFF SCHEDULE FOR THE F.Y. 2025-26

I. DOMESTIC SUPPLY (DS):

Type of Consumer:

Power supply to private house, residential flats and Government schools, residential buildings for light, Heating/electric appliances, fans etc. for domestic purpose. This schedule can also be made applicable to the charitable organization after verifying the genuineness of their non-commercial aspects by the concerned Divisional office.

(a) Nature of service:

Low Tension AC 430/230 volts, 50 cycles/sec (Hz)

(a) Rate:

Units Consumption	Paisa per kWh (Unit)
Up to 50	160
51 to 100	260
101 to 200	360
201 to 400	410
Consumption exceeding 400units	460

(c) Monthly Minimum Charge:

Details	Rate (In ₹)
Single Phase Supply	50.00
Three Phase Supply	200.00

(d) Monthly Rebate (if paid with in due date): 5% on Energy Charges

(*Due date shall be 10 days which shall be reckoned from the date of issue of the bill***)**

(e) Annual Surcharge (charge on the gross arrear outstanding every March end):10%

If electricity supplied in domestic premises is used for commercial purpose, the entire supply shall be charged under Commercial Supply.

II. COMMERCIALSUPPLY (CS):

Type of Consumer:

Supply of energy for light, fan, heating and power appliances in commercial and nondomestic establishments such as shops, business houses, hotel, restaurants, petrol pumps, service stations, garages, auditoriums, cinema houses, nursing homes, dispensaries, doctors clinic which are used for privates gains, telephone exchange, nurseries, show rooms, x-ray plants, libraries banks, video parlors, saloons, beauty parlors, health clubs or any house of profit as identified by the Assistant Engineer/Executive Engineer of the Department. In the event of exceeding connected load beyond 25 KVA, the Demand charge at the following rates shall be imposed. The seasonal consumers are allowed to install MDI meter for assessment of their monthly load profile.

(a) Nature of supply:

Low Tension AC 430/230 volts, 50 cycles/Sec (Hz)

(b) Rate:

<table>
<tr><th>Consumption range</th><th colspan="2">Paisa per Kwh (Unit)</th></tr>
<tr><td>Upto 50</td><td colspan="2">410</td></tr>
<tr><td>51 to 100</td><td colspan="2">510</td></tr>
<tr><td>101 to 200</td><td colspan="2">610</td></tr>
<tr><td>201 to 400</td><td colspan="2">710</td></tr>
<tr><td>Consumption exceeding 400</td><td colspan="2">740</td></tr>
<tr><td rowspan="2">Demand Charges- For those establishments whose sanctioned load is more than 25 KVA and does not have independent transformer but run their unit through shared transformers.</td><td>Rural</td><td>Urban</td></tr>
<tr><td>₹ 60/KVA/Month plus energy charges shown above</td><td>₹100/KVA/Month plus energy charges shown above</td></tr>
</table>

Consumer having connected load of 100 KVA and above shall install their own independent transformer.

(c) Monthly Minimum Charge:

(i) Consumer having contract demand of load 25 kV & below shall be charge in the following rate.

Details	Rate (In ₹)
Single Phase Supply	200.00
Three Phase Supply	500.00

(ii) Consumer having sanctioned load of 25 KVA and above, demand charge is Monthly Minimum Charge.

(d) Monthly Rebate (if paid within due date):5% on Energy Charges

(*Due date shall be 10 days which shall be reckoned from the date of issue of the bill*)

(e) Annual Surcharge (charge on the gross arrear outstanding every March end):10%

III. LOW TENTION INDUSTRIAL SUPPLY (LTIS):

Type of Consumer:

Power supply to the industries like poultry, agriculture load, fabrication and sheet metal works or any other units of such kind under small-scale industries having connected load not exceeding 25 kVA in total. In the event of exceeding connected load beyond 25 kVA, the Demand charge at the following rates shall be imposed.

(a) Nature of service:

Low Tension AC 430/230 volts, 3 phase/single phase, 50 cycles/Sec (Hz)

(b) Rate:

Units Consumption	Paisa per KVAh	
Area	**Rural**	**Urban**
Upto 500	460	630
501 to 1000	540	720
1001 & Above	680	815
Demand Charge – for those establishments whose sanction load is more than 25 KVA & does not have independent transformer but run their unit through shared transformers.	₹ 60/kVA/Month plus energy charges as shown above	₹100/kVA/Month plus energy charge as shown above

(c) Monthly Minimum Charge:

(i) Consumer having contract demand of load 45 KW & below shall be charged in the following rate.

Rural Areas	₹ 500/Month
Urban Areas	₹ 500/Month

(ii) Consumer having contract demand of load above 45 KW shall be charged in the following rate.

Rural Areas	₹ 120/KVA/Month of sanctioned load
Urban Areas	₹ 200/KVA/Month of sanctioned load

(d) Monthly Rebate (if paid within due date) :5% on Energy Charges

(*Due date shall be 10 days which shall be reckoned from the date of issue of the bill*)

(e) Annual Surcharge (charge on the gross arrear outstanding every March end):10%

IV. HIGH TENSION INDUSTRIAL SUPPLY (HTS):

Type of Consumer:

All types of supply with contract demand at single point having 3phase supply and voltage 11 kV& above.

(a) Nature of supply:

High Tension AC, 11 kV & above, 3 phase, 50 cycles/Sec (Hz)

Executive Engineer should sanction the demand In the Requisition and Agreement form of the Department before the service connection is issued based on the availability of quantum of power. The demand sanctioned by the Executive Engineer will be considered as the Contract Demand, however, the Contract Demand can be reviewed once a year if the consumer so desires. A maximum demand indicator will be installed at the consumer premises to record the maximum demand on the monthly basis. If in a month, the recorded maximum demand exceeds the contract demand, that portion of the demand in excess of the contract demand will be billed at twice the prevailing demand charges.

Energy meters are compulsorily to be installed on HT side of all transformers having capacity equal to or above 200 KVA. The meters are also allowed to install on LTside of those consumers having transformer capacity less than 200 KVA, but is such case the assessed energy consumption shall be grossed up by 4% to account for as transformation loss.

(b) Rate:

Units Consumption	Charges
Uprto 250 kVA Demand Charge Plus Energy Charge	₹250/kVA/Month + 690 Paisa/KVAh
Above 250 to 500 kVA Demand Charge Plus Energy Charge	₹290/kVA/Month + 740 Paisa/KVAh
Above 500 kVA Demand Charge Plus Energy Charge	₹560/kVA/Month + 790 Paisa/KVAh

(c) Monthly Minimum Charges: Demand Charges

(d) Monthly Rebate (if paid with in due date): 2% on Energy Charges

(*Due date shall be 20 days which shall be reckoned from the date of issue of the bill*)

(e) Annual Surcharge (charge on the gross arrear outstanding every March end):10%

V. BULK SUPPLY (BS) (NON -COMMERCIAL SUPPLY):

Type of Consumer:

Available for general mixed loads to M.E.S. and other Military Establishments, Borders roads, Sikkim Armed Police Complex (SAP), Electric Vehicle Charging Station, all Government Non-residential buildings Hospitals, Aerodromes and other similar establishments as identified as such supply by the Concerned Executive Engineer.

(a) Nature of service:

Low Tension AC 430/230 volts or High tension11 kV & above

Executive Engineer should sanction the demand in the Requisition and Agreement form of the Department before the service connection is issued.

(b) Rate:

All Units Consumption	Paisa/Unit
LT (430/230 Volts)	650
HT (11kV or 66kV)	650

(c) Monthly Minimum Charge:

(i) Consumer having contract demand of load 45 KW & below shall be charged in the following rate.

LT (430/230 Volts)	₹ 500/month
HT (11kV or 66 kV)	₹ 500/month

(ii) Consumer having contract demand of load above 45 KW shall be charged in the following rate.

LT (430/230 Volts)	₹ 150 /kVA/month of Sanctioned Load
HT (11kV or 66kV)	₹ 150 /kVA/month of Sanctioned Load

(d) Monthly Rebate (if paid within due date): *3% on Energy Charges*
(*Due date shall be 20 days which shall be reckoned from the date of issue of the bill*)

(e) Annual Surcharge (charge on the gross arrear outstanding every March end):10%

(f) Consumer having contract demand of load above 45 KW and above shall have the option of installing Maximum Demand Indicator (MDI) meter at their premises if the consumer so desires.

VI. SUPPLY TO ARMY PENSIONERS:

Type of Consumer:

Provided to the army pensioners or their surviving widows based on the list provided by Sikkim Rajya Sainik Board.

(a) Nature of service:

Low Tension AC 230/430 volts, 50 cycles/Sec (Hz)

(b) Rate: Domestic supply rate is applicable.

(i) Up to 100 units: To be billed to Secretary, Rajya Sainik Board.

(ii) 101 and above: To be billed to the Consumer.

Minimum charges, surcharges and rebate etc. will be applicable as per domestic supply category.

VII. SUPPLY TO BLIND:

Type of Consumer:

Service connection provided to a house of a family whose head of the family is blind and the same is certified by the National Association for Blinds.

(a) Nature of service:

Low Tension AC 230/430 volts, 50 cycles/Sec (Hz)

(b) Rate: Domestic supply rate is applicable.

(i) Up to 100 units: To be billed to Secretary, Social Welfare Department.

(ii)101 and above: To be billed to the Consumer.

Minimum charges, surcharges and rebate etc. will be applicable as per domestic supply category.

VIII. SUPPLY TO THE PLACES OF WORSHIP(PW):

Type of Consumer:

Supply of power to Gumpas, Manilakhangs, Tsamkhangs, Mandirs, Churches and Mosques as identified by the State Ecclesiastical Affairs Department.

(a) Nature of service:

Low Tension 430/230 volts, 50 cycles/Sec (Hz).

(b) **Rate:** Domestic supply rate is applicable.

(i) Up to 100 units: To be billed to Secretary, Ecclesiastical Department.

(ii) 101 and above: To be billed to the Consumer.

Minimum charges, surcharges and rebate etc. will be applicable as per domestic supply category.

IX. PUBLIC LIGHTINGENERGY CONSUMPTION CHARGES

It has been decided that the electrical energy consumption charges of public lighting, street light etc. in urban area shall be paid by the Urban Development & Housing Department. Similarly, the consumption of electrical energy for street fight etc. in rural areas shall be paid by the concerned Panchayat / Rural Development Department. The necessary meter/metering equipments shall be provided by the Power Department and for which the standard (Tariff Schedule) charges is also applicable in accordance with rules and regulations of the Department.

Rate:

Category	Rate
Rural Areas	500 Paisa/KWH
Urban Areas	600 Paisa/KWH

X. TEMPORARY SUPPLY:

Type of consumer:

The assessment of energy consumption shall be on the basis of recorded meter reading and not on average basis, however if the connection is being taken for less than one month, an advance payment should be taken from the consumer as per his/her connected load based on average system calculation shown in tariff schedule.

Approval of the Temporary Supply and its duration will be the discretion of the Assistant Engineer of the Department.

In notified Municipal towns viz Gangtok, Ranipool, Singtam, Rangpo, Jorethang, Naya Bazar, Namchi and Gyalshing, where prepaid meters are being installed, the temporary connection shall only be provided through prepaid energy meter for consumers having connected load below 45 KW.

Nature of Service:

(a) Low tension AC 430/230 volts, 50 Hz /H.T. AC 11 kV whichever is applicable and possible at the discretion of the department.

(b) Rate:

Twice the Tariff under schedule DS/CS/LTIS/HT for corresponding permanent supply **(Temporary supply connection shall not be entertained without energy meter).** Two months assessment on sanction load shall have to be paid in advance as security deposit before taking the connection.

XI. ADDITIONAL REBATE FOR CONSUMERS HAVING PREPAID METERS

(i) 1% additional rebate on energy charges will be allowed to consumers having prepaid meters.

(ii) No meter rent shall be charged to the consumer having Prepaid meter.

(iii) Vending Charge of ₹ 17/meter/month, which is inclusive of all taxes shall be Applicable.

(iv) The above shall be in consonance to the Gazette Notification No. 28 dated 04/02/2020 along with any amendments therein with respect to the prepaid consumer.

XII. SCHEDULE FOR MISCELLANEOUSCHARGES

Service Connection

Following procedures should be strictly followed while giving the new service connection. On receipt of written application with requisite, Revenue Stamp from any intending consumer addressed to the Assistant Engineer (Commercial/Revenue) the department will issue the Requisition and Agreement Form of the Department. This Form will be issued on production of Bank Receipt at the following rates:

Commercial/Domestic Supply	LTIS/Bulk Supply	HTS
₹ 50.00	₹ 100.00	₹ 200.00

He/ She will complete the form in all respect and submit to the office of the Assistant Engineer. Assistant Engineer will issue the service connection estimate with the approval of the Executive Engineer. If the Substation of the area or any other connected Electrical network is under-capacity, the department can decline the service connection till the capacity is increased as required. If the demand is more than 25 kVA the Department reserves the right to ask the applicant to provide suitable substation at his/her cost.

The Power Department also reserves the right to disconnect the service connection of any consumer if he/she increases the load above sanctioned load without written approval of the Department and will treat such cases as theft of power.

(a) Single connection will be provided to the legal landlord of the building. However, an additional connection can also be given in the name of his legal heir subject to production of valid agreement by the landlord stating that he/she shall take the responsibility to clear all the electricity dues created thereof by his legal heir before the close of every financial year.

(b) In case the flat or part of the private building is occupied by Government / Semi Government/Government Undertakings offices, separate service connection in the name of Head of Office can be given with the approval of the concerned Executive Engineer.

(c) ₹ 50.00 per certificate shall be charged for issuing NDC (No dues certificate), NOC (No objection certificate) or any other kind of certificate to be issued to the consumer by the Department.

XIII. METER RENT / Month

(i)	**Energy Meter**	
(a)	Single Phase	₹40
(b)	Three phase	₹ 80

(ii)	**Maximum demand indicator**	₹200
(iii)	**Time switch**	₹150

XIV. TESTING OF METERS

i)	Energy Meters Single Phase	₹ 200
ii)	Other Metering Instruments	₹ 250

XV. DISCONNECTION & RECONNECTION

(i)	DS and CS category	₹150
(ii)	LTIS, HTS & Bulk category	₹250

Unless otherwise demanded by the Department replacement of meters or shifting the position of meter boards etc., can be entertained exclusively on the specific written request of the consumer against a payment of ₹ 100.00 each time which does not include the cost of requirement and labour and the same will be extra.

XV. REPLACEMENT OF FUSES

Service for replacement of fuses in the main cut-outs available against the following Payments:-

(i)	Low tension	Single phase	₹30.00
		Three phase	₹40.00
(ii)	High tension		₹50.00

XVII. RESEALING OF METERS

If by any reason the seal affixed in the meter or cut-outs installed and secured by the Department are found tampered, the Department reserves the right to disconnect the service connection immediately and impose penalty as applicable under The Indian Electricity Act, 2003. In addition the consumer is liable for payment for resealing charge @₹ 50.00 per call of such services.

XVIII. SECURITY DEPOSIT

Security deposit shall be deposited, by the consumer, in the following rates for the meters provided by the Department.

1	Electronic Meter	3 phase	₹500.00
		1 phase	₹200.00
2	Electromagnetic Meters	3 phase	₹150.00
		1 phase	₹75.00

The Security deposit will be forfeited and the line will be disconnected if the consumer tampers the meter. The line will be reconnected only after the fresh security deposit is deposited and other applicable charges are paid alongwith the penalty.

All High-Tension Industrial consumers shall deposit security amount equivalent to two months anticipated bill inclusive of demand charge and energy charge. The Security Deposit shall be in the form of Fixed Deposit from State Bank of Sikkim/Scheduled Banks in the name of Secretary, Power Department. In case of default in payment, the same shall be adjusted against electricity dues. In such case, the consumer again has to re-deposit the security amount.

XIX. OTHER CONDITIONS FOR SUPPLY OF ELECTRICAL ENERGY

(a) Meter found out of order

In the event of meter being found out of order (which includes meter ceasing to record, running fast or slow, creeping or running reverse direction) and where the actual errors on reading cannot be ascertained the meter will be declared faulty and the correct quantum of energy consumption shall be determined by taking the average consumption for the previous three months.

If the average consumption for the three months cannot be taken due to the meter ceasing to record the consumption or any other reason, then the correct consumption will be determined based on the average consumption for succeeding three months (after installation of meter) where any differences or dispute arise as to the correctness of meter reading or bill amount etc. then the matter shall be decided by the concerned Chief Engineer of the department upon the written intimation either from the concerned Executive Engineer or from concerned consumer. However, the bill should be paid on or before the due date. The amount so paid will be considered as advance to the credit of the consumer's account until such time as the billed amount in dispute is fully settled. After determining the correct consumption due billing will be made and necessary adjustment shall be done in the next bill issued. This method shall be applicable to all categories of consumers.

(b) Defaulting consumer

The Department shall not give any type of service connection to a defaulting consumer.

(c) Fixing the position of meter/metering equipment

During the inspection of Assistant Engineer of the Department the point of entry of supply of mains and position of meter, cut-out/metering equipments etc. will be decided and should not be changed later on without written permission from Department.

The Department will in no case fix the meter, main cut-out metering equipments nor allow the same to remain in any position where the employees are prohibited from entering or where there is difficulty of access for employees**.**

(d) Notification/application before connection

The consumer must submit an application for new service connection or should apply for additional power supply well in advance for domestic and commercial purpose. In the case of High Tension Industrial/Low Tension Industrial/Bulk Supply consumers, longer period notices which may extend to six months or more may be required to enable the Department to make necessary arrangement for such supply, which will subject to its availability in the system. The Assistant Engineer of the area will issue seven clear days' notice to the applicant for inspecting his/her premises to verify the feasibility of providing power supply.

(e) Sketch of the premises

(i) A neat sketch of the premises should also submit the proposed internal electrification of the building showing the light points, light plug points, power plug points, fan/exhaust fan points, main isolator position, distribution Control system location and other fittings etc.

(ii) In the case of industrial/workshop etc. the consumer should submit a neat sketch showing the location of all E&M equipments and its motor capacity if any etc. in addition to the above**.**

(f) Load sanction

Depending on the availability of the quantum of electrical energy in the system, the load shall be sanctioned for all categories of consumers by the authorized officer of the Department.

XX. LAND - free of cost for service connection and other association facilities:

The consumer shall provide the necessary land to the Department belonging to his/her on free of cost basis and afford all reasonable facilities for bringing in the direct cables or over headlines from the Department's T&D system for servicing the consumers but also cables or overhead lines connecting the department's other consumers and shall permit the department to provide all requisite switch gear thereto on the above premises and furnish supply to such other consumers through cables/ overhead lines and terminals situated on the consumer’s premises.

XXI. ACCESS TO PREMISES AND APPARATUS

(a) If any consumer obstructs or prevents departments authorized officers/employees in any manner, from inspecting his/her premises at any time to which the supply is afforded or where the electrical installations or equipments belonging to the department or the consumers situated in such premises and if there is scope of suspecting any malpractice, the authorized officer; employees of the department may disconnect the power supply forthwith without notice and keep such power supply disconnected till the consumer affords due facilities for inspection. If such inspection reveals nothing to undertake any malpractice or pilferage, the department then restore the power supply to his/her premises.

(b) If such inspection reveals any commission of malpractice as specified in the "Malpractice clauses" mentioned below, this may be dealt as per the relevant clauses which are indicated in the sub-head of malpractice.

(c) The department shall not be responsible for any loss or damage or inconvenience caused to the consumer on account of such disconnection of supply.

XXII. INTERFERENCE WITH SUPPLY MAINS AND APPARATUS

(a) A consumer shall not interfere with the supply main or apparatus including the metering arrangement, which may have been installed in his/her premises.

(b) The consumer shall not keep connected to the department supply system if any apparatus to which the department has taken reasonable objection or which the department may consider likely to interfere or affect injudiciously the department's equipments installed in his/her premises or the Department's supply to other consumer.

(c) The consumer shall not keep the unbalanced loading of three phase supply taken by him/her from the Department.

(d) The consumer shall not make such use of supply given to him/her by the department as to act prejudicially to the department's supply system in any manner whatsoever.

XXIII. MALPRACTICE

(i) Contravention of any provision of the terms conditions of supply of the Indian Electricity Act, 2003, The Indian Electricity Rules 1956 or any other law/rule governing the supply and use of electricity regulating order shall be treated as malpractice and the consumer indulging in any such malpractice shall be liable at law/rule/order, subject to generality as above.

(ii) Cases mentioned hereunder, shall be generally treated as malpractice:-

(a) Exceeding the sanctioned/contract load authorized by the department without the permission of the department.

(b) Addition, alteration and extension of electrical installation in the consumer's premises without permission of the department or extension to any premises other than the one for which supply sanctioned/contracted for.

(c) Unauthorized supply of electricity to any service which is including the service line disconnected by the Department against electricity revenue arrear or any other offended clauses and the same service line reconnected without permission of the department.

(d) Non-compliance of orders in force imposing restriction of use of energy for rational and equitable distribution thereof.

(e) Use of electricity for any purpose other than that for which supply is contracted/ sanctioned for.

(f) Resale of energy without the permission of the department.

(g) Theft of energy.

(h) Obstruction to lawful entry of authorized officer/employee of the department into consumer's premises.

(i) Interfering and tampering with the meter and metering system.

XXIV. PAYMENT OF COMPENSATION FOR MALPRACTICES

Where a consumer is found to be indulging in malpractice with regard to use of electricity and use of device to commit theft of energy etc. the Assessing Authority of the department will decide about the payment of compensation amount to be imposed against such consumer as per the relevant rules and regulations.

XXV. INSTITUTION OF PROSECUTION

Any officer/employee authorized to inspect and deal with cases of malpractice and theft of energy may launch prosecution as an aggrieved person as mentioned in section 135 & 150 of The Indian Electricity Act, 2003.

XXVI. READING OF METER AND PREPARATION OF BILL

(a) The meter reading will be taken once in a month. The reading of meter will be recorded by meter reader in a card provided near the meter and open to inspection by consumer. Bill for energy consumption charges will be prepared based on the reading noted in the card.

(b) Any complaint with regard to the accuracy of the bill the same shall be intimated immediately by the consumer to the Assistant Engineer, who has issued the bill quoting the bill number/ account number, date etc.

(c) If the consumer does not receive the electricity bill he shall inform the Assistant Engineer concerned about the non-receipt of his bill and on such representation, a copy will be supplied to him.

XXVII. DISCONNECIION OF SUPPLY FOR NON-PAYMENT OF ELECTRICITY BILL AND LEGAL ACTION

If the consumer fails to pay any bill presented to him/her the department shall be at liberty to take action under sub- section (1) of section 56 of The Indian Electricity Act, 2003 for disconnection of supply. The disconnection notice is printed in the bill form and further notice will not be issued by the department for disconnection.

XXVIII. FAILURE OF POWER SUPPLY

The Department shall not be responsible for loss, damage or compensation whatsoever out of failure of supply. However, the Department shall abide by the Standard of Performance Regulations notified by the Commission and as amended from time to time.

XXIX. RESTRICTION OF POWER SUPPLY

The supply of electricity is liable to be curtailed or staggered or cut off all together as may be ordered by the State Government or any other enactment as amended from time to time governing the supply and use of electricity.

XXX. CONSUMER NUMBER

Consumer number is given to all the consumers. The same is written in the Meter reading card and the electricity bill. Consumer must know his/her consumer number and should quote the consumer number while corresponding with the department for prompt attention by the department.

XXXI. FUSE CALL

In case the department's main fuse or fuses fail, the consumer or his representative may give the intimation in the adjacent control room either in person or through phone. Employees bearing the identity cards of the department are allowed to replace those fuses. Consumers are not allowed to replace those fuses and they will render themselves liable to pay heavy penalty if the department's seals are been found broken.

In attending the fuse–off calls. Top most priority will be given to cases of fire due to short circuit, accident, arcing in consumer’s main etc.

XXXII. THEFT OF POWER

Theft of power is a criminal offence under The Electricity Act, 2003. Whoever commits the theft of power shall be punishable in accordance with Indian Electricity Act, 2003.

XXXIII. SUPPLY WITHOUT METER

Where a supply to the consumer is given without meter the consumption of Electrical Energy in kWh will be computed in the manner indicated below:

1. Government office building: Sanctioned load (kW) x 6 hrs x 30 days x 60 /100

2. Other Consumers: Sanctioned load (kW) x 8 hrs x 30 days x 60 /100

XXXIV. SUBSIDY

Subsidy will be provided based on the subsequent Notification issued by the Government of Sikkim and as amended from time to time.

XXXV. OTHER TARIFFS/CHARGES

a. Wheeling Charges

Wheeling Charges for FY 2025-26	
Wheeling Charges (Rs/kWh)	**0.495**

b. Cross Subsidy Surcharge

FY 2025-26		
Category of Open Access Consumer	**Voltage Level**	**Cross Subsidy Surcharge (Rs./Unit)**
HT	For 1 MW	1.86

c. Open Access Transmission Charges

Sl. No.	Particulars	F.Y. 2025-26
1	Open Access Charges (₹/MW/Month)	229778.00
2	Open Access Charges (₹ /MW/Day)	7554.00

d. ToD (Time of Day Tariff)

Approved ToD for FY 2025-26	**00:00 AM to 6:00 AM (6 Hrs) Off Peak**
	₹ 0.40 per KVAh less than normal tariff (Applicable only to H.T Consumers)

e.Service Connection Charges for Electrified Areas upto 150 KW (Within the Distribution Network)

1. Low Tension, Single Phase , For load upto 10kW ,(Overhead line)								
Registration Fee (₹)	**Meter Inspection, Testing and Connection Charges (₹)**	**Cost of Materials (₹)**	**Type of meter/Cost of Meter (₹)**			**Connection Charges (₹)**		
			Prepaid	**Postpaid**	**Smart Prepaid**	**Prepaid**	**Postpaid**	**Smart Prepaid**
300.00	500.00	12691.00	5000.00	751.00	6000.00	18491.00	14242.00	19491.00
2. Low Tension, Single Phase, For load upto 10kW , (Underground cable)								
Registration Fee(₹)	**Meter Inspection, Testing and Connection Charges (₹)**	**Cost of Materials (₹)**	**Cost of Meter (₹)**			**Connection Charges (₹)**		
			Prepaid	**Postpaid**	**Smart Prepaid**	**Prepaid**	**Postpaid**	**Smart Prepaid**
300.00	500.00	49780.00	5000.00	751.00	6000.00	55580.00	51331.00	56580.00
3. Low Tension, 3 Phase (For load more than 10 kW and upto 50 kW)								
Registration Fee (₹)	**Meter Inspection, Testing and Connection Charges (₹)**	**Cost of Materials (₹)**	**Cost of Meter (₹)**			**Connection Charges (₹)**		
			Prepaid	**Postpaid**	**Smart Prepaid**	**Prepaid**	**Postpaid**	**Smart Prepaid**
300.00	700.00	66382.00	5000.00	1063.00	6000.00	72382.00	68445.00	73382.00
4. Low Tension, 3 phase with C.T. For load above 51kW and upto 150 kW								
Registration Fee (₹)	**Meter Inspection, Testing and Connection Charges (₹)**	**Cost of Materials (₹)**	**Cost of Meter (₹)**			**Service Connection Charges (₹)**		
			Prepaid	**Postpaid**	**Smart Prepaid**	**Prepaid**	**Postpaid**	**Smart Prepaid**
300.00	2000.00	123737.00	5000.00	1609.00	6000.00	131037.00	127646.00	132037.00
5. H.T. Supply upto 150 kW with C.T and P.T Unit								
Registration Fee (₹)	**Meter Inspection, Testing and Connection Charges (₹)**	**Cost of Materials (₹)**	**Cost of Meter (₹)**			**Service Connection Charges (₹)**		
			Prepaid	**Postpaid**	**Smart Prepaid**	**Prepaid**	**Postpaid**	**Smart Prepaid**
300	15000.00	123737.00	5000.00	1609.00	6000.00	144037.00	140646.00	145037.00

Note:

1. Cost of material is excluding GST and as per the latest Schedule of Rates/Market Rates.
2. Consumers shall have the option to self-purchase the materials. In case of self-purchase, meter inspection, testing and connection charge shall be applicable to the consumer.

Service connection to H.T supply consumers shall be provided as per the Distribution System Load bearing capacity in electrified areas, if existing sub-station is overloaded additional cost for associated materials shall be applicable as per site condition