



DAMODAR VALLEY CORPORATION
COMMERCIAL DEPARTMENT
DVC. TOWERS: V I P ROAD, KOLKATA- 700 054.

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No. Coml./DVC-JSERC/ 2020-21/ 348

Date: 20.08.2020

To
The Secretary,
Jharkhand State Electricity Regulatory Commission (JSERC),
New Police Line Road, Opposite to C.M. House,
Kanke Road, Ranchi-834008

Sub: DVC's clarification on the point raised during hearing on 19.08.20 in case no.15 of 2020:
The Commission on its own motion Vrs. All Distribution Licensee of Jharkhand.

Respected Sir,

1. DVC preferred electricity bills to its consumers during the relevant period under consideration in this instant case in terms of the tariff order dtd. 28.05.2019.
2. Hon'ble JSERC in the DVC's Tariff Order dtd. 28.05.2019 has approved Total Fixed Charge for FY 2019-20 amounting to 1,541.20 Crs. (ref. Table No. - 64 at page no. 108 of the tariff order dtd. 28.05.2019).
3. Accordingly monthly Fixed Charges as approved by the Hon'ble Commission works out to be $1541.2/12 = 128.43$ Rs. Crs.
4. DVC also to state that Contract Demand as approved in the aforesaid tariff order for FY 2019-20) is 1364.99 MVA. Accordingly computed demand charge works out to be $(1541.20 \times 10^7)/(12 \times 1364.99 \times 10^3)$ i.e. 940.91 Rs./KVA/Month. However, approved demand charge is only 600 Rs./KVA/month i.e. 63.76% of the computed figure. Balance part i.e. 36.24% of the approved fixed charges has been embedded in approved variable charges.
5. Had the Commission approved the computed demand charge, recovery of approved fixed charge could have been better by way of demand charge.

Since a part of Fixed charge is embedded in the variable charges, its recovery depends on the quantum of energy (Kwh) consumed.

6. Since during the lockdown period energy consumption reduced drastically DVC could not recover the 36.24% of the approved fixed cost. Moreover, due to low demand of electricity it could bill only around 75% of the demand charge. As such during the lockdown period DVC could bill only around 50% of the approved fixed charges.
7. Presently tariff structure of DVC is two-part tariff comprising of Demand Charge and Energy Charge. Approved Demand Charge is Rs.600/KVA/Month and Energy charge is Rs. 2.95/KVAH.
8. Actual demand charge billed by DVC during February – 2020 to June-2020 are as given below in a tabular format;

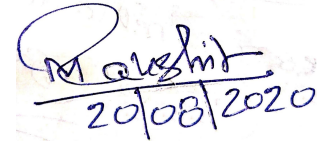
Row Labels	Demand Charge (Rs. In Cr.)
Feb-20	82.23
Mar-20	81.86
Apr-20	71.89
May-20	67.96
Jun-20	76.12
Average	76.01

9. From the above table it is observed that the average Demand Charge billed to the consumers remained around 76 Rs. Crs. on monthly basis during the relevant period. Whereas DVC is entitled to recover Rs. 128 Cr. as Fixed Charge as approved. The average recovery of demand charge i.e. 76Cr is almost 60% of total entitled demand charge.
10. Total ARR approved by the Hon'ble Commission is Rs. 3545 Cr. (ref. Table No. 64 at page no. 108 of the order dtd. 28.05.2019) which is 295 Cr. on monthly basis. But in the lockdown period due to low energy consumption, DVC could bill on an average Rs. 222 Cr. It implies that DVC could not even recover the entire Demand Charge portion due to low consumption and consequent lower demand registration.

Month	Gross Bill Amount (Rs. In Cr)
Feb-20	254.29
Mar-20	244.72
Apr-20	167.40
May-20	204.49
Jun-20	239.16
Average	222.01

11. When consumer demand remains full, DVC can recover the full demand charge because when consumer is drawing power nearer to its CD, the demand charge is approximately 128Cr. But in the lock down condition, the demand charge is computed based on 75% of contract demand in most of the cases. Moreover when consumers draw their respective contracted quantum, the energy consumption becomes adequate to recover the portion of FC embedded in the energy charge rate.

Yours sincerely



(M. C. Rakshit)
Chief Engineer (Commercial)