GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2014-15,

Approval of Provisional ARR for FY 2016-17 and

Determination of Tariff for FY 2016-17

For

Torrent Power Limited – Distribution

Dahej

Case No. 1554/2015

31st March, 2016

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GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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CONTENTS

LIST OF TABLES

ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2011-12 to FY 2015-16
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MTR	Mid-term Review
MUs	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations and Maintenance
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
REC	Renewable Energy Certificate
R&M	Repairs and Maintenance
RLDC	Regional Load Despatch Centre
SBI	State Bank of India
SLC	Service Line Contribution
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1554/2015

Date of the Order: 31/03/2016

CORAM

Shri K.M. Shringarpure, Member

Shri. P.J. Thakkar, Member

ORDER

1. Background and Brief History

1.1 Background

Torrent Power Limited (hereinafter referred to as 'TPL' or the 'Petitioner') a distribution licensee has filed a Petition under Section 62 of the Electricity Act, 2003, read in conjunction with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, for the True-up for FY 2014-15, and determination of tariff for its distribution business of Dahej supply area for the FY 2016-17 on 23rd December, 2015.

The Commission conducted preliminary scrutiny and admitted the petition on 28th December, 2015 under Case No. 1554/2015.

1.2 Torrent Power Limited (TPL)

Torrent Energy Limited (TEL) is a Special Purpose Vehicle (SPV), promoted by Torrent Power Limited (TPL), to fulfil its commitment to generate and distribute power as a co-developer of the Dahej Special Economic Zone.

Dahej SEZ (DSEZ) is being developed by Government of Gujarat through Gujarat Industrial Development Corporation (GIDC) and Oil and Natural Gas Corporation (ONGC). The DSEZ has been notified by the Ministry of Commerce and Industry, Government of India, vide Notification No. 2131 (E) dated 20th December, 2006, as a Multi-Product SEZ.

The Government of Gujarat has "In-principle" approved Torrent Energy Limited as the Co-developer in DSEZ area for the purpose of establishing generation and distribution facilities. Accordingly, TEL has entered into the Co-developer agreement with Dahej SEZ Ltd. (DSL), a SPV created for developing the DSEZ.

The Ministry of Commerce and Industry, Government of India, has approved TEL as a Co-developer to set up generation and distribution infrastructure in DSEZ.

The Gujarat Electricity Regulatory Commission, vide its order dated 17th November, 2009, issued orders for issue of distribution license to TEL as a second distribution licensee as per the provisions of Section 14 of the Electricity Act, 2003 for distribution of electricity in the DSEZ area. Accordingly, the Gujarat Electricity Regulatory Commission, vide its letter dated 29th December, 2009, issued the distribution license dated 18th December, 2009 to TEL.

TEL started commercial operations from 4th April, 2010 and is in the process of establishing the distribution network for power distribution to various SEZ units. The Hon'ble High Court of Gujarat vide its Order dated 13th August, 2015, has sanctioned the Composite Scheme of Amalgamation ("Scheme") of Torrent Energy Limited (TEL) and Torrent Cables Limited (TCL) with Torrent Power Limited (TPL) under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 ("the Act") with effect from Appointed Date of 1st April, 2014. Accordingly, the Scheme has become operational on 1st October, 2015 with effect from 1st April-2014, being the Appointed Date. The distribution business of Dahej SEZ area is hereinafter referred to as Petitioner or TEL – D where matter under reference is related to period prior to

1st April, 2014, and referred as petitioner or TPL-D (D). Where matter under reference is related to period after 1st April, 2014 for the sake of brevity.

1.3 Commission's Order for the Control Period

TEL-D filed its petition under the Multi-Year Tariff Framework for the control period FY 2011-12 to FY 2015-16 on 14th July, 2011, in accordance with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, notified by the Commission.

The Commission, in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003, and all other powers enabling it in this behalf, and after taking into consideration the submissions made by TEL-D, the objections by various stakeholders, response of TEL-D, issues raised during the public hearing and all other relevant material, issued the Multi-Year Tariff order on 12th December, 2011 for the control period from FY 2011-12 to FY 2015-16 based on the GERC (MYT) Regulations, 2011.

1.4 Commission's Orders for Mid-term Review of Business plan for TEL-D

TEL-D filed its Petition for Mid-term Review of Business Plan and revision of ARR for balance years for FY 2014-15 and FY 2015-16 of the control period in terms of Regulation 16.2 (i) of GERC (MYT) Regulations, 2011.

The Commission in exercise of the powers vested in it under Section 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in this behalf and after taking into consideration the submission made by TEL-D, the objections by various stakeholders, response of TEL-D, issues raised during public hearing and all other relevant material, approved the revised ARR for FY 2014-15 and FY 2015-16 in the Mid-term Review of Business Plan for TEL-D on 29th May, 2014.

The Commission issued the order for truing up for FY 2012-13 and determination of Tariff for FY 2014-15 on 29th May, 2014.

TEL-D had filed Appeals before the Hon'ble APTEL against Commission's Tariff Orders in Petition no. 1117/2011 (Appeal no. 32/2012) and Petition No. 1203/2012 (Appeal no. 214/2012). Hon'ble APTEL had issued judgements in Appeal nos.

32/2012 and 214/2012 on 03.07.2013 and 17.09.2013 respectively. The Commission has passed the consequential order on the above-mentioned APTEL Judgements on 26th May, 2014.

The Commission issued the order for truing up for FY 2013-14 and determination of Tariff for FY 2015-16 on 31st March, 2015

1.5 Background for the present petition

The Commission in its order dated 2nd December, 2015, on the Suo Motu Petition No. 1534/2015 has stated that the Commission has decided that the approved ARR of FY 2015-16 of the licensees / generating companies concerned be considered as provisional ARR of the licensees / generating companies for FY 2016-17.

The Commission has also decided that the licensees / generating companies shall file the ARR for FY 2016-17 based on the MYT Regulations for FY 2016-17 to FY 2020-21 and the true-up for the same shall also be governed as per the new MYT Regulations. It is also decided that the licensees / generating companies shall file the petition for determination of ARR and tariff for FY 2016-17 and true-up for FY 2014-15 within 3 weeks from the date of issuance of this order for Commission's consideration and decision.

TPL has accordingly filed the Petition for True-up for FY 2014-15 and Approval of provisional Tariff for FY 2016-17 to the Commission for approval.

1.6 Admission of the Current Petition and Public Hearing Process

TPL–D(D) submitted the current petition for 'truing up' for FY 2014-15 and determination of tariff for FY 2016-17 on 23rd December, 2015. The Commission admitted the petition (Case No. 1554/2015) on 28th December, 2015.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed TPL–D(D) to publish its application in an abridged form to ensure public participation. The Public Notice, inviting objections / suggestions from its stakeholders on the ARR petition filed by it, was published in the following newspapers on

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	DNA (Ahmedabad)	English	30/12/2015
2	Sandesh (Ahmedabad)	English	30/12/2015

The Petitioner also placed the public notice and the petition on its website (www.torrentpower.com) for inviting objections and suggestions on the petition.

The interested parties / stakeholders were asked to file their objections / suggestions on the petition on or before 29th January, 2016.

The Commission received objections / suggestions from 2 consumers / consumer organizations. The Commission examined the objections / suggestions received and scheduled the public hearing on 17th February, 2016 at the Commission's Office at Gandhinagar and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in Commission's Office in Gandhinagar on above dates.

The names of the stakeholders who filed their objections and the objectors who participated in the public hearing for presenting their objections are given below:

Sl. No.	Name of Stakeholders	Participated in the Public Hearing
1.	Laghu Udyog Bharati - Gujarat	Yes
2.	Utility Users' Welfare Association (UUWA)	Yes

A short note on the main issues raised by the objectors in the submissions with respect to the petition along with the response of TPL-D (D) and the Commission's views on the response are briefly given in Chapter 3.

1.7 Contents of this order

The order is divided into nine chapters as under:

1. The **first** chapter provides a brief background regarding the Petitioner, the petition on hand and details of the public hearing process and the approach adopted in this Order.
2. The **second** chapter outlines the summary of TPL-D (D)'s petition.
3. The **third** chapter deals with the public hearing process, including the objections raised by various stakeholders, TPL-D (D)'s response and Commission's views on the response.
4. The **fourth** chapter focuses on the details of truing up for FY 2014-15.
5. The **fifth** chapter deals with the determination of tariff for FY 2016-17.
6. The **sixth** chapter deals with the FPPPA charges.

7. The **seventh** chapter outlines the wheeling charges and cross-subsidy surcharge
8. The **eight** chapter deals with compliance of directives and issue of fresh directives.

1.8 Approach of this Order

The GERC (MYT) Regulations, 2011, provide for truing up of the previous year, and determination of tariff for the ensuing year. The Commission had approved the ARR for the five years of the second control period from FY 2011-12 to FY 2015-16 in the MYT Order dated 6th September, 2011.

In the midterm review of Business Plan, the Commission has approved revised ARR for FY 2014-15 and FY 2015-16

TPL-D (D) has approached the Commission with the present Petition for "truing up" for the FY 2014-15 and determination of tariff for the FY 2016-17.

The Commission has undertaken truing up for the FY 2014-15, including computation of gains and losses for the FY 2014-15, based on the submissions of the petitioner and the annual accounts made available by the petitioner.

While truing up for FY 2014-15, the Commission has been primarily guided by the following principles:

1. Controllable parameters have been considered at the level as approved under the MYT order, unless the Commission considers that there are valid reasons for revising the same
2. Un-controllable parameters have been revised, based on the actual performance observed.

The truing up for the FY 2014-15 has been considered, based on the GERC (MYT) Regulations, 2011. For determination of the ARR for FY 2016-17, the Commission has considered the ARR approved for FY 2015-16, as approved in the Mid-term Review Order dated 29th April 2014 as provisional ARR for FY 2016-17, in line with the Commission Order dated 2nd December 2015 in the Petition No. 1534 / 2015.

2. Summary of TPL-D (D)'s Petition

TPL-D (D) submitted the current petition, seeking approval of True-up for ARR of FY 2014-15 and determination of tariff for the FY 2016-17.

2.1 Actuals for FY 2014-15 Submitted by TPL-D (D)

The details of expenses under various heads of ARR are given in Table 2.1 below:

Table 2.1: Actual Claimed by TPL for FY 2014-15

(Rs. Crore)

Annual Revenue Requirement	Approved in MTR Order	Actual as per TPL
Power Purchase	47.64	57.27
O&M expenses	2.67	12.12
Interest on loans	6.51	9.31
Interest on SD	2.75	2.35
Interest on working capital	0.00	0.00
Depreciation	5.84	5.37
Bad debts written off	0.00	0.00
Contingency reserve	0.63	0.62
RoE	4.93	4.72
Income Tax	0.00	0.00
Less: Non-Tariff income	0.98	3.57
ARR	**69.99**	**88.18**

2.2 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap

The Table below summarises the proposed ARR claimed by TPL-D (D) for truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2014-15.

Table 2.2: True-up ARR claimed by TPL-D (D) for FY 2014-15

(Rs. Crore)

Particulars	Unit	FY 2014-15
ARR as per MTR	(a)	69.99
Gains/(Losses) due to Uncontrollable Factors	(b)	(18.19)
Gains/(Losses) due to Controllable Factors	(c)	-
Pass through as tariff	d= -(1/3rd of c+ b)	18.19
Trued -up ARR	e=a+d	88.18

The Table below summarises the Gap/Surplus for TPL-D (D) area for FY 2014-15.

Table 2.3: Revenue Gap/ (Surplus) for Dahej Supply Area for FY 2014-15

(Rs. Crore)

Particulars	Actual
Trued-up ARR	**88.18**
Revenue from Sale of Energy	93.94
Less: Revenue towards recovery of Earlier Years' approved Gap/ (Surplus)	2.71
Balance Revenue	**91.23**
Gap/ (Surplus)	**(3.05)**

TPL-D (D) has requested the Commission to approve the surplus of Rs. 3.05 Crore arrived at as part of truing up process.

2.3 ARR, revenue at existing tariff, revenue gap and tariff proposal for FY 2016-17

The gap arrived at for FY 2016-17, considering the revenue from sale of power, including revenue from the base level of FPPPA, is as given in the Table below:

Table 2.4: Revenue Gap of Dahej Supply Area for FY 2016-17

(Rs. Crore)

Particulars	Amount
ARR	79.10
Less: Revenue from sale of power at existing tariff rates including FPPPA revenue @0.62 per unit	77.15
Gap/ (Surplus)	**1.95**

The cumulative gap / surplus for determination of Tariff is as given in the table below:

Table 2.5: Cumulative Revenue Gap/ (Surplus) for determination of tariff of Dahej Supply Area for FY 2016-17

Particulars	Amount
Gap/ (Surplus) of FY 2014-15	(3.05)
Carrying Cost	(0.50)
Gap/ (Surplus) of FY 2016-17	**1.95**
Cumulative Gap/ (Surplus)	**(1.60)**

2.4 TPL-D (D)'s Request to the Commission

TPL-D (D) has requested the Commission to:

a) Admit the petition for true-up of FY 2014-15 and determination of tariff for FY 2016-17.

b) Approve the trued up gap/ (surplus) of FY 2014-15.

c) Approve the sharing of gains/ losses as proposed by The Petitioner for FY2014-15.

d) Approve the cumulative gap/ (surplus).

e) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2016.

f) Approve the retail supply tariff for FY 2016-17.

g) Allow recovery of the costs as per the Judgments of the Hon'ble Tribunal on the Appeals filed by the Petitioner.

h) Allow additions/ alterations/ changes/ modifications to the application at a future date.

i) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding.

j) Allow any other relief, order or direction which the Commission deems fit to be issued.

k) Condone any inadvertent omissions/ errors/ rounding off difference / shortcomings.

3. Brief outline of objections raised, response from TPL-D (D) and Commission's view

3.0 Stakeholders' suggestions / objections, Petitioner's Response and Commission's observation

In response to the public notice inviting objections/suggestions from stakeholders on the Petition filed by TPL for Truing up of FY 2014-15 and determination of Tariff for FY 2016-17 under GERC (MYT) Regulations, 2011, a number of Consumers / organisations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. The Commission has addressed the objections / suggestions by the consumer/consumers organisations, the response from the Petitioner and the view of the Commission as given below:

3.1 True-up for FY 2014-15

Objection

M/s. Laghu Udyog Bharati has stated as follows;

a. Money Transfer

Irregularities of all types begin from here, simply take away Rs. 3.19 Crore. The reserve and surplus is enhanced from Rs. 2.69 Crore to Rs. 11.79 Crore. What is this reserve and surplus amount? The service line contribution from consumers shown in Note-2 of annual report consists of various parameters such as service line charges, grant in aid surplus in the statement of profit and loss. This money is invested in non-core business of company as per Note 11 and 12 of Balance sheet ARR shows gap by enhancing power purchase Cost.

b. Power Purchase cost

The tariff rise given in 2014-15 was not sufficient; a net 20.63% is accounted for The power purchased from other sources without approval of GERC is 19.73% more units of purchase from 122 MU to 149.98 MU, the expenses in the percentages are increased as below:

- O&M expenses enhanced from Rs. 2.67 Crore to Rs. 12.12 Crore
- Interest on loans enhanced from Rs. 6.5 Crore to Rs. 9.31 Crore

The details of power purchase quantity and finance paid supplier wise are not shown in ARR or annual accounts. As PPA is not disclosed by TPL Dahej, there is no way to know how much power was purchased from each supplier and at what cost.

c. Treatment of Reserve and Surplus

The net reserve and surplus is Rs. 11.79 Crore. The treatment for this is not shown except that the money was involved in non-core sector.

d. Current assets:

The amount of current assets in annual accounts for FY 2014-15 is Rs. 50.43 Crore but this is not shown in ARR as per Regulation 99 of GERC (MYT) Regulations, 2011 which constitutes 57.18% of ARR.

e. Interest and Finance Charges

- Table 25 of annual account shows Interest on loans as Rs. 9.31 Crore and interest on security deposit as Rs. 2.35 Crore but do not give account for gain of difference of interest rate paid for security deposit and other loans.
- Finance Charges are Rs. 11.37 Crore as per Note 21 of Annual Accounts. The data in ARR and annual report are put in such a way that except TPL Dahej, nobody can compare and analyse the data. As per Balance Sheet Note 3 On Long term borrowings of 57 Crore (Note 3 of annual accounts) the interest pay-out is Rs. 8.9 Crore (Note 21) at the high rate of 14%. The interest rates were reduced by RBI, still more interest was paid?
- A sum of Rs. 14.73 Crore is available as total depreciation for expenses on which finance charges and interest on working capital is accounted in ARR as Depreciation. As per Cash flow statement the available cash to company is Rs. 25.93 Crore. Hence interest and finance charges are to be reduced accordingly.

f. Tariff proposals for FY 2016-17

In view of the foregoing the Tariff of TPL has to be reduced

Response of TPL

The Petitioner has submitted as under for the issue raised above;

a. The Petitioner has provided all the required information for arriving at ARR and corresponding Gap / (Surplus) in the petition in accordance with the GERC (MYT) Regulations, 2011. The Statement of Accounts consisting of the Balance Sheet, P&L Account and Cash-Flow Statement is prepared in accordance with the provisions of the Companies Act, 2013.

b. The Petitioner has taken necessary approval for purchase of power from the identified sources. The variation in cost & quantity from the approved level is beyond its control. Further, the Petitioner is making all efforts to source power at competitive rate. However, the cost of power purchase depends upon various factors including quantum, period and market conditions. The source-wise quantity and cost for purchase of power has been furnished in the petition.

c. The Statement of Accounts consisting of the Balance Sheet can in no way be related to the present petition since the petition and the Statement of Accounts are prepared under the different Statutes. The Gap / (Surplus) for FY 2014-15 which is arrived at based on actual revenue, along with impact of other orders passed by the Commission, has been treated as assets/ (liabilities) in the audited accounts. Thus, the difference of Rs. 3.88 Crore between the revenue in accounts and revenue as mentioned in the petition is on account of Liabilities as explained above. However, for the purpose of tariff determination, the gross revenue has been considered in the petition.

d. The ARR is to be arrived at as per the provisions of the GERC (MYT) Regulations, 2011. The Petitioner has provided all the required information for arriving at ARR and corresponding Gap / (Surplus) in the petition.

e. The Petitioner has considered the interest expenses as per the GERC (MYT) Regulations, 2011. The depreciation has been considered as repayment of the loan in accordance with the provisions of the GERC (MYT) Regulations, 2011.

f. The Petitioner has computed the ARR and arrived at the Surplus in accordance with the provisions of the GERC (MYT), Regulations, 2011 and in turn, proposed to revise the tariff.

Commission's Observation

The true-up petition filed by the Petitioner as per the provisions of GERC (MYT) Regulations, 2011 is examined with reference to these Regulations and Annual Accounts submitted by the Petitioner to arrive at and the gains/loss.

3.2 Furnishing of Accounting Statements to Stakeholders

Objection

M/s. Utility Users' Welfare Association has stated that the petition is not submitted with Accounting Statement as per Clause 17.3 of GERC (MYT) Regulations, 2011 and hence petitioner should be directed to submit the Accounting Statement to the stakeholders for making suitable suggestions and till then the petition should not be considered. The submitted Accounting Statement is not as per Clause 17.3 of GERC (MYT) Regulations, 2011.

Response of TPL

The Petitioner submits that it has furnished the Accounting Statement of Dahej Supply Area, duly certified by the Statutory Auditors of the Company for the FY 2014-15 in accordance with the statutory provisions. The same has been also made available to the stakeholders.

Commission's Observation

The petition filed by the Petitioner as per GERC (MYT) Regulations, 2011 is approved after detailed scrutiny and prudence check.

3.3 Energy Sales

Objection

M/s. Utility Users'' Welfare Association has stated that the sale of 114.56 MUs was approved by the Commission as proposed and projected by TEL in MTR order after due survey and detailed study of the SEZ-Dahej supply area, type of industry to be set up etc. However, the actual sale in FY 2014-15 is 144.84 MUs which is 25% more than the approved and projected sales. TEL can still increase the sale if OA consumers are satisfied with the power cost in SEZ-D area.

Response of TPL

No response

Commission's Observation

The Petitioner may consider the suggestions of Stakeholder.

3.4 Number of Consumers

Objection

TEL-D has not submitted that number of consumers in various categories.

Response of TPL

The Petitioner furnishes the details of the number of consumers- category wise for TEL-D for FY 2014-15 as under:

Category-wise No. of Consumers	2014-15
Non RGP	20
LTMD	5
HTP-I	27
HTP-II	1
HTP-III	11
SL	11
TMP	12
TOTAL	87

Commission's Observation

The Petitioner has furnished the required information. The Petitioner is advised to furnish the number of consumers in future True-up also.

3.5 Distribution and Transmission Losses

Stakeholders view

M/s. Utility Users' Welfare Association has stated that the Distribution Loss is 1.14% is really admirable. However, the transmission loss which is 5.48 MUs for distribution of 151.98 MUs which comes to 3.60% is very high. When DGVCL is having transmission loss of 3.70% for in FY 2014-15 as per truing up petition no. 1547/48/49/50 of 2015, why TEL should have more than DGVCL when power is coming from GUVNL? The Commission is requested to call for the reasons for high transmission loss and is also to allow the same transmission loss as of DGVCL.

Response of TPL

The Petitioner would like to submit that the transmission loss of 5.48 MUs is the actual losses deducted by the GETCO for the usage of State transmission network. It may kindly be noted that the transmission losses are the actual losses and is to be allowed as per actuals.

Commission's Observation

The Petitioner has no control over Transmission loss. GETCO manages the transmission system.

3.6 Details of Purchase of Power from GUVNL

Objection

M/s. Utility Users' Welfare Association has stated that TEL has procured power from GUVNL @ Rs. 3.60 per kW which is admirable. However, the power procured form Power Exchange @ Rs. 4.92 per unit is very high. When GUVNL is supplying @ Rs. 3.60 per Unit, why TEL should buy from other sources at the higher price? The Commission should call for the details from whom power is purchased and verify the transactions.

Response of TPL

The Petitioner would like to submit that such comparison is incorrect as quantum and period of supply varies. The Petitioner would like to further clarify that purchase of power from the exchange is mainly during the period when power is not supplied by GUVNL on account of short-supply by its long term suppliers. It may kindly be noted that the Petitioner has claimed the power purchase cost based on actuals in the truing up exercise.

Commission's Observation

The purchase of power from exchange is only for a short term, when supply is not available from GUVNL. That price cannot be compared with long term purchase under an agreement.

3.7 RPO

Objection

M/s. Utility Users' Welfare Association has stated that the basic concept of RPPO is to accelerate and support the promotion of renewable power generating sources and for which the consumers are burdened with high price of RPPO. TEL, as mentioned in the petition, is exempted from fulfilling the RPPO by the Commission. The cost of

REC should not be allowed as TEL has not purchased the power from renewable sources. In view of this fact, the cost of Rs. 2.19 Crore should not be allowed for purchase of certificates only and not power. The Commission should take punitive action against TEL-Dahej for violation of RPPO regulations under suitable provision of E.A. 2003 without any influence.

Response of TPL

The Petitioner would like to clarify it was not able to purchase the renewable energy due to supply constraints. The Petitioner had purchased REC in accordance with the GERC (RPO) Regulations, 2010. Further, the purchase of REC is also in line with the directive issued by the Commission related on RPO targets.

Commission's Observation

Decision will be taken in the relevant petition filed by the Petitioner.

3.8 Fixed Cost of O&M Expenditure

Objection

M/s. Utility Users' Welfare Association has stated that the Commission has approved the O&M expenses in MTR order of Rs. 2.67 Crore for sale of 114.56 MUs whereas TEL sold 144.84 MUs and incurred the expenses of Rs. 12.12 Crore which comes to Rs. 0.84 /kWh though it is the highest in the world with this small supply area and small quantum of sale. As per the Commission's approval it comes to Rs. 0.23 /kWh. TEL also mentions that they could not put up the approved capital expenditure because of lower demand. It is not clear how the O&M expenses of such a huge amount occurred is not acceptable.

The Commission is requested to consider the O&M expenses after prudence check. It may be the case that other O&M expenses of TEL is shown in TEL-D for widening the gap in ARR and truing up. It is to state here for sake of comparison the O&M expenses of DGVCL is required to be compared with TEL Dahej.

Response of TPL

The Petitioner submits that it has actually incurred the O&M expenditure and same has been reflected in its accounts duly certified by the Statutory Auditors of the Company for the FY 2014-15 in accordance with the statutory provisions. Further, the

Petitioner has submitted the detailed reasoning for the variation in O&M expenditure in its Petition.

Commission's Observation

The claim for O&M expenses is in line with the GERC (MYT) Regulations, 2011 and is approved on detailed scrutiny and prudence check.

3.9 Capital Expenditure

Objection

M/s. Utility Users' Welfare Association has stated that TEL-D has spent only Rs. 6.71 Crore against the approved capital expenditure of Rs. 14.96 Crore. TEL-D has deferred the capex to the future years to come as the growth is slow.

The Commission is requested to call for the certificates from CEI as to verify the capital expenditure incurred.

Response of TPL

The Petitioner would like to submit that it has actually incurred the capital expenditure and same has been reflected in its accounts duly certified by the Statutory Auditors of the Company for the FY 2014-15 in accordance with the statutory provisions.

Commission's Observation

The capital costs are approved by the Commission after detailed scrutiny and as per Regulations of the Commission.

3.10 Return on Equity

Objection

M/s. Utility Users' Welfare Association has stated that TEL-D like TPL-D is clever in building the permanent income in the form of RoE.

The Commission is requested to get the prudence check on the capital expenditure for TEL-D. It should not be the case that TEL is making expenditure in generating unit and expenditure is shown in TEL-D for establishing the claim of RoE.

Response of TPL

No response

Commission's Observation

The return is claimed on normative equity considering assets capitalization as per GERC (MYT) Regulations, 2011.

3.11 True-up of SEZ–D for TEL

Objection

M/s. Utility Users' Welfare Association has stated that It is mentioned at para 3.57, table 25, page no. 28 of the petition that TEL-D needs Rs. 88.18 Crore as their Annual Requirement for sale of 144.84 MUs of energy which comes to realization of Rs. 6.09/kWh with 1.14 % Distribution loss and 3.60 % transmission loss, and with power procurement @ Rs. 3.76 /kWh leaving difference of Rs. 2.33 /kWh, whereas DGVCL ARR is Rs. 9746.64 Crore (para 3.18, T-32, page no. 29) for sale of 15572 MUs which comes to realization of Rs. 6.26 per kWh with 9.11 % Distribution loss, 3.60% transmission loss and 233.01 MUs of pooled losses, with power procurement @ Rs. 5.15 per kWh leaving difference of Rs. 1.11 per kWh. The true-up ARR of TEL-D is more than DGVCL on kWh comparison by Rs. 1.22 per kWh.

The Commission is requested to consider these facts before approval of truing up of ARR for FY 2014-15.

Response of TPL

The Petitioner would like to submit that the conclusion of the Objector is incorrect as per unit cost would work out higher due to lower utilization of the capacity created as many units are still in construction phase and commercial operation has yet not started. The distribution cost referred by the Objector is the fixed cost which is required to be incurred to cater to the demand of the consumers and provide reliable and quality supply to the consumers.

Commission's Observation

The true-up petition filed by the Petitioner as per the provisions of GERC (MYT) Regulations, 2011 is examined with reference to these Regulations and Annual Accounts submitted by the Petitioner to arrive at and the gains/loss.

3.12 Third Party audit of TEL-D Accounts

Objection

M/s. Utility Users' Welfare Association has stated that TEL-D Accounts are not sacrosanct and required to be audited by a third party.

The Commission has given approval of amalgamation / merger of TEL-Dahej with TPL without considering the stakeholders' objections/suggestions.

The Commission is requested to get their accounts inspected through third party in the larger interest of the consumers as the track record of TPL is that they are not honest in accounts.

Response of TPL

The Petitioner reiterates the fact that it prepares and maintains the accounts as per the Accounting Standards specified by the Institute of Chartered Accountants of India in accordance with the Companies Act and the Accounts are audited by the Statutory Auditors of the Company.

Commission's Observation

The Commission has approved the petition after detailed scrutiny and prudence check as per GERC (MYT) Regulations, 2011.

4. Truing up of FY 2014-15

4.0 Introduction

The Petitioner, in its petition for truing up of FY 2014-15 has furnished the actuals of energy sales, expenditure and revenue for FY 2014-15 based on the Annual Accounts for FY 2014-15. It is submitted that the truing up of FY 2014-15 is on the basis of annual accounts.

The Commission has analysed the components of the actual energy sales, expenses and revenue under truing up for FY 2014-15.

GERC (MYT) Regulations, 2011 specify that the Commission shall undertake the truing up of expenses and revenue of licensee for the previous year, i.e., FY 2014-15, based on actuals as per Annual Accounts for FY 2014-15 and approved values for FY 2014-15 in the MTR Order.

4.1 Energy Sales

Petitioner's Submission:

The Petitioner has submitted that the actual energy sales for FY 2014-15 are 144.84 MUs, as against the approved sales of 114.56 MUs in the MTR Order dated 29th May, 2014.

Table 4.1: Energy sales for FY 2014-15

(MUs)

Category	MTR Order	Actual
Non RGP	0.38	0.29
LTMD	0.00	0.43
HTP-I	105.65	95.68
HTP-II	0.00	0.25
HTP-III	6.87	47.48
SL	0.12	0.15
Temporary	1.53	0.56
Total Sales	**114.56**	**144.84**

TPL-D (D) submitted that, based on past trends, the load factor of leading categories i.e. HTP-I and HTP-III was estimated at lower level for 2014-15 at the time of submission of projection for MTR petition, whereas actual load factor recorded was higher. This has resulted in to higher sales by 30 MUs compared to estimated sales. Thus, the actual sales in FY 2014-15 is higher than the sales approved in the MTR order.

Commission's Analysis

In view of what has been stated above by the Petitioner, the Commission approves the energy sales of 144.84 MUs for FY 2014-15.

4.2 Distribution Losses

Petitioner's Submission

The Petitioner has submitted that it has been making consistent efforts to contain the distribution losses. Consequent to the efforts, it has out-performed the distribution losses approved by the Commission. The distribution losses are 1.14% as against 2.00% approved in the MTR Order.

The Petitioner also submitted that the variation in the distribution loss compared to the approved value is to be considered as controllable. However, as the network is yet to be established and load is to be stabilized the distribution loss has been considered as uncontrollable.

Commission's Analysis

TPL-D (D) has submitted that the actual distribution loss is 1.14% as against 2.00% approved in MTR Order.

The Commission approves the distribution loss of 1.14% for FY 2014-15, as per actuals.

4.3 Gain due to reduction in energy requirement due to reduction in distribution losses

Petitioner's Submission

TPL-D (D) has not computed the gain due to reduction in distribution loss for Dahej area on account of reduction in distribution losses.

4.4 Energy Requirement

Petitioner's Submission

Based on the energy sales and the actual transmission and distribution losses for FY 2014-15, the Petitioner has calculated the energy requirement for FY 2014-15. The energy requirement, as approved for FY 2014-15 in the MTR Order and actuals now submitted by the Petitioner, are as given in Table below:

Table 4.2: Energy Requirement as submitted by TPL-D (D) for FY 2014-15

(MUs)

Particulars	MTR Order	Actual
Energy Sales	114.56	144.84
Distribution loss (in %)	2.00%	1.14%
Distribution loss	2.34	1.67
Energy input at distribution level	116.90	146.50
Transmission loss	5.10	5.48
Energy Requirement (A)	**122.00**	**151.98**

Commission's Analysis

The Commission has approved the distribution loss at 1.14% in para 4.2 above. The Commission computed the energy requirement with distribution loss of 1.14% (1.67 MUs) and transmission loss of 5.48 MUs for FY 2014-15 based on actuals, as given in Table below:

Table 4.3: Energy requirement approved by the Commission for truing up for FY 2014-15

Sl. No.	Particulars	Unit	Approved in MTR Order for FY 2014-15	Actuals submitted in truing up for FY 2014-15	Approved in truing up for FY 2014-15
1	Energy Sales	MUs	114.56	144.84	144.84
2	Distribution loss (in %)	%	2.00%	1.14%	1.14%
3	Distribution loss	MUs	2.34	1.67	1.67
4	Energy input at distribution level	MUs	116.90	146.50	146.50
5	Transmission loss	MUs	5.10	5.48	5.48
6	**Energy Requirement (A)**	MUs	**122.00**	**151.98**	**151.98**

The Commission approves the energy requirement of 151.98 MUs for truing up for FY 2014-15 as per actuals.

4.5 Availability of Power and Power Purchase Cost

Availability of Power - Petitioner's Submission

TPL-D (D) has submitted that the requirement of power is being met from GUVNL.

The availability of power, as per MTR order and actuals, are given in Table below:

Table 4.4: Availability of Power and Power Purchase Cost for FY 2014-15

(MUs)

Energy Sources	MTR Order	Actual
Bilateral/GUVNL	112.24	144.79
Power Exchange	-	6.03
Renewable Energy	9.77	-
Sub-Total	**122.01**	**150.82**
Add: Sale of Surplus Power/UI	-	1.16
Total	**122.01**	**151.98**

The Petitioner has submitted that the net quantum of UI power on account of deviation from the scheduled purchase has been added to the total energy procured. The power purchase from Power exchange is mainly to meet the shortfall in power supplies.

Power Purchase Cost

Petitioner's submission

The actual power purchase cost for FY 2014-15 is provided in the Table below and compared with the approved power purchase.

Table 4.5: Power Purchase Cost for Dahej Supply Area in FY 2014-15

(Rs. Crore)

Particulars	MTR Order	Actual
Bilateral/GUVNL	42.65	52.11
Power Exchange	-	2.97
Renewable Energy	4.99	-
REC	-	2.19
Total	**47.64**	**57.27**

The variation in power purchase cost is uncontrollable except on account of variation in distribution losses and hence the same needs to be allowed in truing up exercise.

Renewable Power Purchase Obligation

The Petitioner has submitted that Regulation 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 specifies the Renewable Power Purchase Obligation (RPPO) for FY 2010-11, FY 2011-12 and FY 2012-13. The Commission vide Amendment to the GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 has specified the RPO target for the period FY 2014-15 to FY 2016-17. The Petitioner has made all efforts to fulfil its RPPO.

The renewable energy requirement and renewable energy sourced for FY 2014-15 is as under:

Table 4.6: Renewable Power Purchase Obligation for Dahej Supply Area in FY 2014-15

Particulars	MUs
Energy Requirement	151.98
Obligation	
Wind energy to be procured (@ 6.25%)	9.50
Solar energy to be procured (@1.25%)	1.90
Biomass/Bagasee/Others (@ 0.50%)	0.76
Total (8.00%)	12.16

Particulars	MUs
Compliance (Non-Solar)	
Wind	-
Non Solar-REC	10.18
Compliance	10.18
Compliance (as % of Energy Requirement)	6.70%
Compliance (Solar energy)	
Solar	-
Solar-REC	1.89
Compliance	1.89
Compliance (as % of Energy Requirement)	1.24%
Shortfall of FY 2014-15	
Non-Solar	0.08
Solar	0.01
Total	**0.09**

Commission's Analysis

As verified from the Annual Accounts for FY 2014-15, TPL-D (D) has incurred power purchase Cost of Rs. 57.27 Crore including REC Rs. 2.19 Crore during FY 2014-15.

The Commission, accordingly, approves the power purchase cost of Rs. 57.27 Crore in the truing up for FY 2014-15.

TPL-D (D) has not claimed any gain on account of lower distribution losses. The entire gain on account of Power purchase cost is considered as uncontrollable since network and business of TPL-D (D) is in developing stage. The approved gains / (losses) are given in the table below.

Table 4.7: Power Purchase Cost and Gains/(losses) approved in Truing up for FY 2013-14

(Rs Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains/ (Losses) due to Controllable Factors	Gains/ (Losses) due to Uncontrollable Factors
Power Purchase Cost	47.64	57.27	(9.63)		(9.63)

4.6 Fixed Charges

4.6.1 Operations and Maintenance (O&M) expenses

TPL-D (D) has claimed Rs. 12.12 Crore on O&M expenses against Rs. 2.67 Crore of composite O&M expenses approved for FY 2014-15 in the MTR order dated 29th April 2014 as detailed in the table below.

Table 4.8: O&M Expenses of Dahej Supply area in FY 2014-15

(Rs. Crore)

All figures in Rs. Crore	MTR Order	Actual
Operations & Maintenance Expenses	2.67	12.12

Petitioner's Submission

The Petitioner would like to state that it had estimated substantial network growth and rise in demand as per the estimates received from the stakeholders. Accordingly, the Petitioner had also initiated the work for erection of 220kV Double Circuit line for connectivity of East to West through 220 kV Substation. The project was kept on hold as network development plans were revised due to reduction in estimated demand.

As a part of network development, TPL-D (D) also approached the state transmission utility (GETCO) for connectivity at 220kV level at its Switchyard. As per discussions with the STU, the part of the 220 kV network was to be created by the Petitioner on behalf of GETCO.

In execution of the above project, the available material of earlier mentioned project of East to West 220 kV connectivity was utilised to the extent possible. However, certain items could not be used due to difference in technical specifications. The material which could be of future use has been transferred to the stores and the balance items have been scrapped from the work-in-progress. Thus, the cost of total materials written off amounts to Rs. 2.48 Crore which is part of the O&M expense of the Petitioner.

Further, the connectivity of 220kV substation with GETCO Dahej and Suva substations comprised of cost of two bays, overhead line & termination arrangement at switchyard, erection of line and supervision charges. It may kindly be noted that as this network is to be owned by the GETCO, the expenses will be part of O&M expenses of the Petitioner. Further, as the work is completed and the cost has been incurred, the Petitioner has made the provision of Rs. 4.54 Crore as part of its O&M

expenses for laying this network.

The Petitioner has further submitted that the O&M expenses in the MTR order was approved considering past data. However, the network has increased and O&M expenses have also increased due to increase in routine Repairs & Maintenance activities. It may kindly be noted that the SEZ is still in developmental stage and demand is yet to be stabilized.

Based on above, the Petitioner has submitted that the variation in O&M expense on account of the above should be considered as uncontrollable. Hence, in the present petition, the Petitioner has considered the entire O&M expenses as uncontrollable for sharing of gains/losses and requested the Commission to approve of the same.

Commission's Analysis

The O&M expenses for FY 2014-15, as per annual accounts, are Rs. 12.12 Crore.

TPL-D (D) has submitted that the project of double circuit line for connectivity of East to West through 220 KV substations was kept on hold as the network development plans were revised due to reduction in estimated demand. TPL-D (D) has further submitted that it has approached the State Transmission utility (GETCO) for connectivity at 220 KV level at its switchyard and as per discussions with the STU this part of the 220 KV network was to be created by TPL-D (D) on behalf of GETCO. The available material for the East to West 220 KV substation, which was kept in hold was utilised to the extent possible. However certain items could not be used due to difference in technical specifications. The material which could be of future use has been transferred to the stores and the balance items have been scrapped and written off to the extent of Rs. 2.48 Crore and claimed this as part of O&M expenses. This cannot be considered as efficient planning and the consumers cannot be burdened with such losses. The Commission does not approve the actual write off of Rs. 2.48 Crore as part of O&M Expenses.

TPL-D (D) has further submitted that the connectively of 220 KV substation with GETCO Dahej and SUVA substations comprise of the cost of two bays, overhead lines and termination arrangement at switchyard erection of line and supervision charges. As the network is to be owned by GETCO the expenses will be part of O&M

Expenses for the Petitioner and the TPL-D (D) has made a provision of Rs. 4.54 Crore as part of its O&M expenses in FY 2014-15.

With reference to a query from the Commission, TPL-D (D) has submitted that it has actually paid Rs. 4.54 Crore to GETCO towards O&M Charges.

The Commission accordingly approves the O&M Charges at Rs. 9.64 (12.12-2.48-4.54) Crore in the Truing up for FY 2014-15.

The Commission approves the O&M expenses at Rs. 9.64 Crore in the truing up for FY 2014-15.

With regard to variation in the O&M expenses, the Commission considers the variation in O&M expenses as controllable as per GERC (MYT) Regulations, 2011.

The O&M expenses and the Gains / Losses approved in the truing up for FY 2014-15 are given in the Table below:

Table 4.9: O&M expenses and Gains / (Losses) approved in truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in truing – up for FY 2014-15	Deviation + / (-)	Gains / (losses) due to Controllable factor	Gains / (losses) due to uncontrollable factor
1	O&M Expenses	2.67	9.64	(6.97)	(6.97)	-

4.6.2 Capital expenditure, Capitalization and Sources of Funding

TPL-D (D) has furnished the actual capital expenditure at Rs. 6.71 Crore in the truing up for FY 2014-15 as against Rs. 14.96 Crore approved in the MTR order for FY 2014-15 as detailed in the Table below:

Table 4.10: Capital expenditure claimed by TEL-D for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Actual claimed in truing – up for FY 2014-15
1	EHV	0.14	4.46
2	HT Network	10.27	1.89
3	others	4.56	0.36
4	**Total**	**14.96**	**6.71**

Petitioner's Submission

Capital Expenditure and Capitalization

Capital Expenditure

TPL-D (D) has submitted that the variation in capex of FY 2014-15 was mainly on account of creation of EHV network. However, due to lower than anticipated growth, the expenditure incurred (33 kV and 11 kV) is lower than approved. The details of the variance in the capital expenditure are as under:

The reasons for the major variances in the actual expenditure against the approved expenditure are enumerated hereunder:

a) EHV (220 kV & 66 kV): The Commission had approved the Capex of Rs.0.14 Crore for 220/33 kV East substation spare panel. However, the expenditure incurred during the year was Rs. 4.46 Crore. The major expenditure for EHV network was incurred towards the following:
   - Construction of 2 Nos. of 220 KV bays for OPaL
   - Installation of the 2 Nos. of 220 KV Bays for GETCO at 220/33 KV East Substation.

b) HT Network (33kV & 11kV): The Commission had approved an expenditure of Rs. 10.27 Crore whereas the actual expense incurred was Rs. 1.89 Crore. The variation is on account of deferment of expenditure due to lower than anticipated growth and lesser number of consumers. Certain projects like installation of additional Transformer at 33/11 KV West substation have been deferred.

c) Others: In this category, the actual expenditure incurred was Rs. 0.36 Crore against the approved expenditure of Rs. 4.56 Crore. The variation is on account of deferment of expenditure due to lower than anticipated growth and lesser number of consumers. Certain projects like GIS Project and installation of Thermography camera have been deferred.

Capitalization

TPL-D (D) has claimed a sum of Rs. 6.71 Crore towards net capitalization during FY 2014-15.

Commission's Analysis

Capital Expenditure and Capitalization

The net addition of assets during FY 2014-15 is Rs. 6.71 Crore as verified from the annual accounts of TPL-D (D) for the FY 2014-15.

The Commission observes that the petitioner has capitalised higher amount, as against the capitalization of Rs. 4.49 Crore approved by the Commission in the MTR order for FY 2014-15.

The Commission approves the capitalisation at Rs. 6.71 Crore in the truing up for FY 2014-15 and source of funding as given in the Table below:

Table 4.11: Capitalization for Dahej Supply Area in FY 2014-15

(Rs. Crore)

Particulars		FY 2014-15
Opening GFA	(a)	123.85
Addition to GFA	(b)	6.74
Deletion to GFA	(c)	0.03
Closing GFA	(d)=(a)+(b)-(c)	130.56
SLC Addition	(e)	4.02
Capitalization for Debt	(f)=((b)-(c)-(e))	2.70
Capitalization for Equity	(g)=((b)-(c)-(e))	2.70
Normative debt @ 70%	(h)=(f)*70%	1.89
Normative Equity @ 30%	(i)=(g)*30%	0.81

4.6.3 Depreciation

TPL-D (D) has claimed a sum of Rs. 5.37 Crore towards depreciation in the truing up for FY 2014-15, against Rs. 5.84 Crore approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.12: Depreciation claimed by TPL-D (D) for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Actual claimed in truing up for FY 2014-15
1	Depreciation	5.84	5.37

Petitioner's Submission

TPL-D (D) has submitted that the depreciation rates as per CERC (Terms and Conditions of Tariff) Regulations, 2009 are applied on the opening GFA and for the assets capitalised during the year.

Commission's Analysis

The Petitioner has computed the depreciation for FY 2014-15 by applying CERC depreciation rates, asset classification wise. As observed from the annual accounts, depreciation for the year has been shown after reducing the proportion of the amount of depreciation provided on assets created against the service line contribution.

The Commission, accordingly, approves the depreciation at Rs. 5.37 Crore in the truing up for FY 2014-15 as per annual accounts.

As noted in Para 4.6.4 later, the Commission is of the view that depreciation should be treated as uncontrollable. The Commission, accordingly, approves the Gains / (Losses) on account of depreciation in the truing up for FY 2014-15, as detailed in Table below:

Table 4.13: Depreciation and Gains / (Losses) due to depreciation approved in the truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Depreciation	5.84	5.37	0.47	-	0.47

4.6.4 Interest expenses

TPL-D (D) has claimed a sum of Rs. 9.31 Crore towards actual interest expenses in the truing up for FY 2014-15 as detailed in the Table below against Rs. 6.51 Crore approved in the MTR Order for FY 2014-15.

Table 4.14: Interest Expense Claimed for Dahej Supply Area

Particulars	FY 2014-15
Addition to GFA	6.74
Less: Deletions from GFA	0.03
Less: SLC additions	4.02
Capitalisation for Debt	2.70
Normative Debt @ 70%	1.89
Opening Balance of Loans	69.78
Repayments	5.37
New Borrowings	1.89
Closing Balance of Loans	66.30
Average Loan	68.04
Interest Expense @13.50%	**9.19**
Other Borrowing Cost	0.13

Petitioner's Submission

The petitioner has submitted that the GERC (MYT) Regulations, 2011 provide for the calculation of Interest expenses on normative basis considering the amount of depreciation of assets created as the amount of repayment. The petitioner has considered the interest expenses as per the GERC (MYT) Regulations, 2011 on normative loans. The Petitioner has calculated the interest expenses by applying the opening Weighted Average Rate of interest of actual loan portfolio at the beginning of the year (i.e. 01.04.2014), applicable to the Petitioner, on the loan component, while repayment has been considered equal to the depreciation of the assets for the year.

Commission's Analysis

TPL-D (D) has claimed interest at 13.50%, as against 10.50% approved in the MTR order. The Commission considers the interest at 13.50% being the Weighted Average Rate of Interest of actual loan portfolio on 01.04.2014.

The closing loan of Rs. 69.78 Crore, as approved in the truing up for FY 2013-14, is considered as opening loan for FY 2014-15. The other borrowing costs are considered at Rs. 0.13 Crore as per the annual accounts.

The Commission has recomputed the interest on loan for FY 2014-15 as detailed in the Table below:

Table 4.15: Interest approved by the Commission in the truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved in truing up for FY 2014-15
1	Opening Loan	69.78
2	New loan during the year	1.89
3	Repayment during the year	5.37
4	Closing loan	66.30
5	Average loan	68.04
6	Rate of interest	13.50%
7	Interest	9.19
8	Other borrowing costs	0.13
9	**Total Interest and finance charges**	**9.32**

The Commission, accordingly, approves the interest and finance charges at Rs. 9.32 Crore in the truing up for FY 2014-15.

As regard to the computation of Gains/(Losses), Regulation 23.2 considers the variation in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of capital expenditure projects, not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. While approving the True-up for FY 2011-12, the Commission had considered the variation in the Capitalisation and the resultant change in depreciation, Interest on borrowings and Return on Equity as uncontrollable.

With regard to the computation of Gains / Losses, the Regulation 23.2 considers variation in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of capital expenditure project, not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. If the gain is on account of lesser capital expenditure and capitalization, it cannot be attributed to the efficiency of the utility to allow 2/3rd of gain to the utility. Similarly, if the loss is on account of more capital expenditure and capitalization due to bonafide reasons, the utility cannot be penalised by allowing only 1/3rd of the loss in the ARR. Accordingly, the Commission decides to consider variation in capitalization as uncontrollable. Hence, the components of ARR related to capitalization, like interest and finance charges, depreciation and return on equity are considered as uncontrollable.

The Commission, accordingly, approves the Gains / Losses on account of interest and finance charges in the truing up for FY 2014-15 as detailed in the Table below:

Table 4.16: Gains / (Losses) approved in the truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Deviation +/(-)	Gains/ (Losses) due to controllable factor	Gains/ (Losses) due to uncontrollable factor
1	Interest on Loans	6.51	9.32	(2.81)	-	2.81

4.6.5 Interest on working capital

TPL-D (D) has not claimed any sum towards interest on working capital, as against NIL provision approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.17: Interest on Working Capital of Dahej Supply Area for FY 2014-15

Particulars	MTR Order	Actual
O&M expense for 1 month	0.22	1.01
1 % of GFA for maintenance spares	1.26	1.24
Receivables for 1 month	5.78	7.83
Less: Security Deposit	28.98	25.90
Normative Working Capital	(21.71)	(15.82)
Interest Rate (%)	14.45%	14.75%
Interest on Working Capital	**-**	**-**

Petitioner's Submission

TPL-D (D) has submitted that the interest on working capital worked out to be negative and has therefore not claimed any interest on working capital.

Commission's Analysis

The Commission has examined the interest on working capital claimed by TPL-D (D) for FY 2014-15. For computation of Interest on Working Capital, TPL-D (D) has considered the average security deposit amounting to Rs. 25.90 Crore.

Regulation 41.2 (b) of GERC (MYT) Regulations, 2011 specifies that 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. The Commission had taken into consideration the rate of Interest at 11.75% prevailing at the time the MYT Petition was filed. The Commission while approving the interest on working capital in the truing up for FY 2011-12 decided to consider the rate SBAR prevailing as on 1st April of the financial year for which truing up is being done. The SBAR as on 1st April, 2014 is 14.75%. The Commission, accordingly, takes into consideration the SBAR of 14.75% in computation of Interest in Working Capital for FY 2014-15.

The Commission has computed the Working Capital and interest thereon, as detailed in the Table below:

Table 4.18: Interest on working capital approved for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Actual claimed in truing up for FY 2014-15	Approved in truing up for FY 2014-15
1	O&M expenses for 1 month	1.01	0.80
2	1% of GFA for Maintenance spares	1.24	1.24
3	Receivables for 1 month	7.83	7.83
4	Less: Security Deposit (Avg.)	25.90	25.90
5	Normative Working Capital	(15.82)	(16.03)
6	Interest Rate	14.75%	14.75%
7	Interest on working Capital	Nil	Nil

The Commission, accordingly, approves the interest on working capital as Nil in the truing up for FY 2014-15 as detailed in the above Table.

The deviation is nil. The Commission considers the interest on working capital as uncontrollable, since the components contributing for working capital are mostly uncontrollable.

The Commission, accordingly, approves the Gains / Losses on account of interest on working capital in the truing up for FY 2014-15, as detailed in the Table below:

Table 4.19: Interest on working capital approved for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Interest on Working Capital	Nil	Nil	-	-	-

4.6.6 Interest on security deposit

TPL-D (D) has claimed a sum of Rs. 2.35 Crore towards interest on security deposit in the truing up for FY 2014-15 against Rs. 2.75 Crore approved in the MTR Order for FY 2014-15 as detailed in the Table below:

Table 4.20: Interest on security deposit claimed for TEL-D, Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Actual claimed in truing up for FY 2014-15
1	Interest Rate	9.5%	9.0%
2	Interest on Security Deposit	2.75	2.35

Petitioner's Submission

TPL-D (D) has submitted that the actual interest expense on the security deposit is Rs. 2.35 Crore, against Rs. 2.75 approved in the MTR order, for FY 2014-15. TEL-D has further submitted that the variation in interest on security deposit is uncontrollable.

Commission's Analysis

The Commission has verified the actual interest on security deposit with the annual accounts and found that the actual interest is Rs. 2.35 Crore.

The Commission, accordingly, approves the interest on security deposit at Rs.

2.35 Crore in the truing up for FY 2014-15.

The deviation of Rs. 0.40 Crore is considered to be a gain on account of uncontrollable factors as detailed in the Table below:

Table 4.21: Approved Gains / (Losses) due to interest paid on security deposit in the truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Deviation +/(-)	Gains/ (Losses) due to controllable factor	Gains/ (Losses) due to uncontrollable factor
1	Interest on Security Deposit	2.75	2.35	0.40	-	0.40

4.6.7 Bad debt written off

TPL-D (D) has claimed Rs. Nil towards bad debts written off in the truing up for FY 2014-15 against Rs. Nil approved in the MTR Order for FY 2014-15 as detailed in the Table below:

Table 4.22: Bad debts written off claimed for TPL-D (D) for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Actual claimed in truing up for FY 2014-15
1	Bad Debts written off	-	-

Petitioner's Submission

The Petitioner has submitted that it has not written off any bad debts during FY 2014-15.

Commission's Analysis

The Commission has verified and found that the bad debts written off with reference to the annual accounts for FY 2014-15 are Nil.

4.6.8 Contingency Reserve

Petitioner's Submission

TPL-D (D) has proposed the contingency reserve at Rs. 0.62 Crore in the truing up for FY 2014-15 as against Rs. 0.63 Crore approved in the MTR order for FY 2014-15, as detailed in the Table below:

Table 4.23: Contingency Reserve claimed for TPL-D (D) for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Actual claimed in truing up for FY 2014-15
1	Contingency Reserve	0.63	0.62

Commission's Analysis

While verifying the Annual Accounts of FY 2014-15, the Commission has noted that the provision of Rs. 0.62 Crore towards contingency reserve is made by TPL-D (D) against Rs. 0.63 Crore approved by the Commission in MTR Order dated 29th May, 2014.

Regulation 85.6 specifies that where the Distribution Licensee has made an appropriation to the Contingency Reserve, a sum not more than 0.5 per cent of the original cost of fixed assets shall be allowed annually towards such appropriation in the calculation of aggregate revenue requirement. The contingency reserve at 0.5% of Opening GFA works out to Rs. 0.62 Crore.

The Commission, accordingly, approves the contingency reserve as Rs. 0.62 Crore in the truing up for FY 2014-15 and the deviation in the contingency reserve is considered as a gain on account of uncontrollable factors.

Table 4.24: Contingency reserve and Gains / (Losses) approved in the truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Contingency Reserve	0.63	0.62	0.01	-	0.01

4.6.9 Return on equity

TPL-D (D) has claimed a sum of Rs. 4.72 Crore towards return on equity @ 14% in the truing up for FY 2014-15 as against Rs. 4.93 Crore approved in the MTR Order for FY 2014-15 as detailed in the Table below:

Table 4.25: Return on equity claimed for TPL-D (D) for FY 2014-15

(Rs. Crore)

Particulars	MTR Order	Actual
Opening Equity	34.77	33.29
Equity addition during the year	0.90	0.81
Equity at end of the year	35.67	34.10

Particulars	MTR Order	Actual
Average of Opening and Closing	35.22	33.69
Return on Equity	**4.93**	**4.72**

Petitioner's Submission

TPL-D (D) has submitted that the closing balance of equity has been arrived at considering additional equity of 30% of the capitalization during the year. The return on equity has been thus computed applying a rate of 14% on the average of the opening and closing balance of equity for FY 2014-15.

Commission's Analysis

The opening equity for FY 2014-15 is as per the closing equity approved in the True-up for FY 2013-14 and the closing balance of equity has been arrived at considering the additional equity of 30% of the capitalisation during the year. The return on equity has been thus computed applying a rate of 14% on the average of the opening and closing balance of equity for FY 2014-15.

The Commission accordingly approves the return on equity at Rs. 4.72 Crore in the truing up for FY 2014-15 as given in the Table below:

Table 4.26: Return on equity approved for TPL-D (D) for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Actual claimed in truing up for FY 2014-15	Approved in truing for FY 2013-14
1	Opening equity	33.29	33.29
2	Equity addition during the year	0.81	0.81
3	Closing equity during the year	34.10	34.10
4	Average Equity	33.69	33.70
5	Return on Equity @ 14%	4.72	4.72

As noted in Para 4.6.4 above, the Commission is of the view that the Return on Equity should be treated as uncontrollable. The Commission, accordingly, approves the Gain / Losses on account of return on equity in the truing up for FY 2014-15, as detailed in Table below:

Table 4.27: Return on equity and Gains / (Losses) approved in the truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Return on Equity	4.93	4.72	0.21	-	0.21

4.6.10 Income Tax

TEL-D has not claimed income tax in the truing up for FY 2014-15, as against Rs. 0.00 Crore approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.28: Income Tax claimed for TPL-D (D) for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MYT order	Actual claimed in truing up for FY 2014-15
1	Income Tax	0.00	0.00

Petitioner's Submission

TPL-D (D) has submitted that it has not claimed any income tax for FY 2014-15.

Commission's Analysis

As verified from the annual accounts, against the Tax expenses the current tax is Nil.

The Commission, accordingly, does not approve any the income tax in the truing up for FY 2014-15.

The Commission has treated the income tax as an uncontrollable expense and accordingly approved the Gains / Losses on account of income tax in the truing up for FY 2013-14 as detailed in the Table below:

Table 4.29: Income tax and Gains / (Losses) due to income tax approved in the truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Income Tax	0.00	0.00	0.00	-	0.00

4.6.11 Non-Tariff income

TPL-D (D) has furnished the Non-Tariff income at Rs. 3.57 Crore in the truing up for FY 2014-15 against Rs. 0.98 Crore approved in the MTR order for FY 2014-15 as detailed in the Table below:

Table 4.30: Non-Tariff income claimed for TEL-D for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Actual claimed in truing up for FY 2014-15
1	Non-Tariff Income	0.98	3.57

Petitioner's Submission

The Petitioner has submitted that the actual Non-Tariff income for FY 2014-15 is Rs. 3.57 Crore, which is an uncontrollable item.

Commission's Analysis

The Commission has verified the Non-Tariff income with the annual accounts for FY 2014-15 and found to be Rs. 3.57 Crore.

The Commission, accordingly, approves the Non-Tariff income at Rs. 3.57 Crore in the truing up for FY 2014-15.

The deviation in Non-Tariff income at Rs. 2.59 Crore is assessed as a gain and is considered as an uncontrollable item.

The Commission, accordingly, approves the Gains / Losses on account of Non-Tariff income in the truing up for FY 2014-15 as detailed below:

Table 4.31: Non-Tariff income and Gains / (Losses) approved in the truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MYT order	Approved in truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains/ (Losses) due to uncontrollable factor
1	Non-Tariff Income	0.98	3.57	(2.59)	-	(2.59)

4.6.12 Revenue from sale of power

Petitioner's Submission

TPL-D (D) has submitted the revenue from sale of power at Rs. 93.94 Crore in the truing up for FY 2014-15 against Rs. 69.40 Crore approved in the MTR Order for FY 2014-15 as detailed in the Table below:

Table 4.32: Revenue with existing tariff claimed for TPL-D (D) for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 MTR order	Actual claimed in truing up for FY 2014-15
1	Revenue from existing tariff	69.40	93.94

Commission's Analysis

The Commission considers of revenue of Rs. 93.94 Crore as claimed by TPL-D (D).

4.6.13 Gains / Losses under truing up for FY 2014-15

The Commission has reviewed the performance of TPL-D (D) under Regulation 22 of GERC (MYT) Regulations, 2011, with reference to annual accounts for FY 2014-15.

The Commission has computed the Gains / Losses for FY 2014-15 based on the truing up for each of the components discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the MTR order dated 29th May, 2014 and the actuals claimed in truing up, approved for truing up, Gains / Losses computed in accordance with the GERC (MYT) Regulations, 2011, are as given in the Table below:

Table 4.33: ARR approved in respect of TPL-D (D) in the truing up or FY 2014-15

(Rs. Crore)

Sl. No.	Annual Revenue Requirement	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15	Approved in truing up for 2014-15	Deviation +/(-)	Gain/ (Losses) due to controllable factors	Gain/ (Losses) due to controllable factors
1	**2**	**3**	**4**	**5**	**6=(3-5)**	**7**	**8**
1	Power purchase Cost	47.64	57.27	57.27	(9.63)		(9.63)
2	Operations and Maintenance expenses	2.67	12.12	9.64	(6.97)	(6.97)	0.00
3	Depreciation	5.84	5.37	5.37	0.47		0.47
4	Interest on Loans	6.51	9.31	9.32	(2.81)		(2.81)
5	Interest on working capital	0.00	0	0.00	0.00		0.00
6	Interest on Security Deposit	2.75	2.35	2.35	0.40		0.40
7	Bad debts written off	0	0	0	0.00		0.00
8	Contingency Reserve	0.63	0.62	0.62	0.01		0.01
9	Return on equity	4.93	4.72	4.72	0.21		0.21
10	Income Tax	0	0	0	0		0.00
11	**Total expenditure**	**70.97**	**91.76**	**89.28**	**(18.31)**	**(6.97)**	**(11.34)**
12	Less: Non-Tariff Income	0.98	3.57	3.57	(2.59)		(2.59)
13	**Aggregate Revenue Requirement**	**69.99**	**88.19**	**85.71**	**(15.72)**	**(6.97)**	**(8.75)**

4.6.14 Sharing of Gains / Losses for FY 2014-15

The Commission has analysed the gains / losses on account of controllable and uncontrollable factors.

The relevant Regulations are extracted below

Regulation 24. Mechanism for pass-through of gains or losses on account of uncontrollable factors

24.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the Tariff of the Generating Company or Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

24.2 The Generating Company, or Transmission Licensee or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and figures approved by the Commission, in the prescribed format to the Commission, along with detailed computations and supporting documents as may be required for verification by the Commission.

24.3 Nothing contained in this Regulation 24 shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase which shall be dealt with as specified by the Commission from time to time.

Regulation 25. Mechanism for sharing of gains or losses on account of controllable factors

25.1 The approved aggregate gain to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:

One-third of the amount of such gain shall be passed on as a rebate in Tariffs over such period as may be specified in the Order of the Commission under Regulation 22.6;

The balance amount, which will amount to two-thirds of such gain, may be utilised at the discretion of the Generating Company or Transmission Licensee or Distribution Licensee.

25.2 The approved aggregate loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:

a. One-third of the amount of such loss may be passed on as an additional charge in Tariffs over such period as may be specified in the Order of the Commission under Regulation 22.6; and

b. The balance amount, which will amount to two-thirds of such loss, shall be absorbed by the Generating Company or Transmission Licensee or Distribution Licensee."

TEL-D has submitted that the summary of Trued up ARR and Revenue Gap for FY 2014-15 as detailed in the Table below.

Table 4.34: ARR and Revenue Gap claimed in the truing up for TPL-D (D) for FY 2014-15

Particulars		**2014-15**
ARR as per MTR	(a)	69.99
Gains/(Losses) due to Uncontrollable Factors	(b)	(18.19)
Gains/(Losses) due to Controllable Factors	(c)	-
Pass through as tariff	d= -(1/3rd of c+ b)	18.19
Trued -up ARR	e=a+d	88.18
Revenue from Sale of Energy		93.94
Less: Revenue towards recovery of Earlier Years' approved Gap/ (Surplus)		2.71
Balance Revenue		**91.23**
Gap/ (Surplus)		**(3.05)**

As stated above, TPL-D (D) has claimed gap of Rs. (2.71) Crore pertaining to earlier years.

Table 4.35: Approved Revenue gap for TPL-D (D) for FY 2014-15

Particulars		**Actual claimed in truing up**	**Approved in True-up**
ARR as per MTR	(a)	69.99	69.99
Gains/(Losses) due to Uncontrollable Factors	(b)	(18.19)	(8.75)
Gains/(Losses) due to Controllable Factors	(c)	-	(6.97)
Pass through as tariff	d= -(1/3rd of c+ b)	18.19	(11.08)
Trued-up ARR	e=a+d	88.18	**81.07**
Revenue from sale of Energy		93.94	93.94
Less: Revenue towards recovery of Earlier Years' approved Gap/ (Surplus)		2.71	2.71
Balance Revenue		91.23	**91.23**
Gap/ (Surplus)		(3.05)	**(10.16)**

The Commission has arrived at a revenue surplus of Rs. 10.16 Crore in the truing up for FY 2014-15 as against Rs. 3.05 Crore claimed by TPL-D (D).

5. Determination of Tariff for FY 2016-17

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus as well as consumer tariff for the FY 2016-17 for TPL-D (D). Commission has considered the ARR approved in the Mid-term Review for FY 2015-16 as provisional ARR for FY 2016-17 and the adjustment on account of True-up for FY 2014-15 while determining the revenue gap/surplus for FY 2016-17.

5.2 Approved ARR for FY 2016-17

Based on the above approach, the Table below summarises the Annual Revenue Requirement as approved by the Commission for the FY 2016-17. Detailed analysis of each expense head has already been provided in the Mid-term Review.

Table 5.1: Approved ARR for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2016-17
1	Power Purchase Cost	56.02
2	O&M Expenses	2.82
3	Depreciation	6.01
4	Interest on Loans	6.07
5	Interest on Working Capital	0.00
6	Interest on Security Deposit	3.47
7	Bad debts written off	0.00
8	Contingency Reserve	0.65
9	Return on Equity @14%	5.04
10	Income Tax	0.00
11	**Total Expenditure**	**80.08**
12	Less: Non-Tariff Income	0.98
13	**Aggregate Revenue Requirement**	**79.10**

5.3 Projected Revenue from existing tariff for FY 2016-17

TPL-D (D) has projected the Revenue from sale of power at Rs. 77.15 Crore for FY 2016-17 with existing Tariff including FPPPA of Rs. 0.62 per unit. The details are given in the Table below:

Table 5.2: Sales and Revenue Projected for FY 2016-17 in the MTR

Sl. No.	Category	Units Sold (MUs)	Revenue (Rs. Crore)
1	Non-RGP	0.74	0.36
2	HTP-I	130.12	68.27
3	HTP-II	0.14	0.14
4	HTP-III Temporary	8.72	7.80
5	WWSP	0.10	0.05
6	Temporary	0.67	0.48
7	Street Lighting	0.12	0.05
	Total	**140.61**	**77.15**

Commission's Analysis

The Commission has reviewed the sales and approved the sales of 140.61 MUs as projected by TPL-D (D) in the Mid-term Review for FY 2016-17. The Commission approves the sales revenue at Rs. 77.15 Crore including FPPPA @ Rs. 0.62 per kWh for FY 2016-17.

Revenue Gap / (Surplus) for FY 2016-17:

TPL-D (D) has projected the revenue gap for FY 2016-17 as detailed in the Table below:

Table 5.3: Revenue Gap Projected by TPL-D (D) for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	FY 2016-17
1	ARR	79.10
2	Revenue from sales of power at existing tariff rates including FPPPA @ Rs. 0.62 per unit	77.15
3	**Net Gap / (Surplus) (2-1)**	**1.95**

The cumulative Gap / (Surplus) submitted by TPL-D (D) for FY 2016-17 is given in the table below.

Table 5.4: Cumulative Revenue Gap / (Surplus) for determination of tariff of Dahej Supply Area for FY 2016-17

(Rs. Crore)

Particulars	FY 2016-17
Gap / (Surplus) of FY 2014-15	(3.05)
Carrying Cost as per APTEL Judgement	(0.50)
Clarification / Rectification Order	-
Net Gap / (Surplus) of FY 2016-17	**1.95**
Cumulative Gap / (Surplus)	**(1.60)**

Accordingly, the Commission has estimated the gap/(surplus) for FY 2016-17 as detailed in the Table below:

Table 5.5: Approved Revenue Gap/(Surplus) for FY 2016-17 at the Existing Tariff

(Rs. Crore)

Particulars	FY 2016-17
Gap / (Surplus) of FY 2014-15	(10.16)
Carrying Cost as per APTEL Judgement	(0.50)
Clarification / Rectification Order	-
Net Gap / (Surplus) of FY 2016-17	**1.95**
Cumulative Gap / (Surplus)	**(8.71)**

Accordingly, the Commission approves the revenue surplus of Rs. 8.71 Crore for TPL-D (Dahej) for determination of tariff for FY 2016-17.

In view of this surplus, the Commission decides to reduce the tariff for all the categories by 50 Paise / unit for the energy charges. This will still leave a surplus of Rs. 1.68 Crore which shall be addressed in future true-up.

6. Fuel and Power Purchase Price Adjustment

6.1 Fuel Price and Power Purchase Price Adjustment

The Commission its order in Case No. 1309/2013 and 1313/2013 vide dated 29.10.2013 has revised the formula for Fuel Price and Power Purchase Cost Adjustment (FPPPA) as mentioned below:

6.2 Formula

FPPPA = [(PPCA-PPCB)]/[100-Loss in %]

Where,

PPCA	is the average power purchase cost per unit of delivered energy (including transmission cost), computed based on the operational parameters approved by the Commission or principles laid down in the power purchase agreements in Rs/kWh for all the generation sources as approved by the Commission while determining ARR and who have supplied power in the given quarter and transmission charges as approved by the Commission for transmission network calculated as total power purchase cost billed in Rs. Million divided by the total quantum of power purchase in Million Units made during the quarter.
PPCB	is the approved average base power purchase cost per unit of delivered energy (including transmission cost) for all the generating stations considered by the Commission for supplying power to the company in Rs/kWh and transmission charges as approved by the Commission calculated as the total power purchase cost approved by the Commission in Rs. Million divided by the total quantum of power purchase in Million Units considered by the Commission.
Loss in %	is the weighted average of the approved level of Transmission and Distribution losses(%) for the four DISCOMs / GUVNL and TEL-D applicable for a particular quarter or actual weighted average in Transmission and Distribution losses (%) for four DISCOMs / GUVNL and TEL-D of the previous year for which true-up have been done by the Commission, whichever is lower.

Note: Although no purchase from Power Exchange has been considered in the power purchase portfolio as indicated in Mid-term Review Order, in case there is a need to purchase power from the power exchange, the same shall be considered for calculation of PPCA in the FPPPA formula.

6.3 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for TPL-D (D) including fixed cost, variable cost etc. from the various sources in the Mid-term Review of Business Plan for FY 2015-16 as given in the Table below:

Year	Total Energy Requirement (MUs)	Approved Power Purchase cost (Rs Crore)	Power Purchase Cost per unit (Rs/kWh)
FY 2015-16	143.48	56.02	3.90

The same is provisionally considered for FY 2016-17 also.

As mentioned above the base Power Purchase cost for TPL-D (D) is Rs. 3.90 per kWh and the base FPPPA charge is Rs. 0.62 per kWh.

TPL-D (D) may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 6.2 above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on website of TPL-D (D).

For any increase in FPPPA, worked out on the basis of above formula, beyond ten (10) paise per kWh in a quarter, prior approval of the Commission shall be necessary and only on approval of such additional increase by the Commission, the FPPPA can be billed to consumers.

FPPPA calculations shall be submitted to the Commission within one month from end of the relevant quarter.

7. Wheeling Charges and Cross-Subsidy Surcharge

7.1 Introduction

Regulation 88.1 of GERC (MYT) Regulations, 2011, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR and Tariff order.

7.2 Wheeling charges

Petitioner's Submission

TPL-D (D) has allocated the total ARR expenditure of TPL-D (D) to wheeling and retail supply business considering the distribution infrastructure up to the service line as part of wheeling business and the distribution infrastructure from service line to consumer premises as part of the retail supply business. The segregation of components into wheeling and retail supply business has been done by TPL-D (D) based on the following allocation matrix:

Table 7.1: Allocation matrix for segregation to Wheeling and Retail Supply submitted by TPL-D (D) supply area for FY 2016-17

Sl. No.	Particulars	Wire business (%)	Retail Supply business (%)
1	Power purchase expenses	0	100
2	Employee expenses	60	40
3	Administration and General expenses	50	50
4	Repairs and Maintenance expenses	90	10
5	Depreciation	90	10
6	Interest on long term loan capital	90	10
7	Interest on working capital and consumer security deposit	10	90
8	Bad debt written off	0	100
9	Income tax	90	10
10	Contribution to contingency reserve	100	0
11	Return on equity	90	10
12	Non-Tariff income	10	90

On the basis of the above allocation matrix TPL-D (D) segregated total ARR of TPL-D Dahej supply area into ARR for wheeling and retail supply business as shown below:

a. ARR of Wheeling Business – Rs. 18.14 Crore

b. ARR of Retail Supply Business – Rs. 60.96 Crore

Determination of Wheeling Charges

It is submitted by TPL-D (D) that the sales to the L.T. category are negligible. Hence, it has not segregated the wheeling ARR in the LT and HT category. It has considered the wheeling ARR for determination of wheeling charges. The wheeling charges for FY 2015-16 based on the ARR for FY 2015-16 is as below:

ARR of wheeling Business – Rs. 18.15 Crore
Sales (MUs) – 140.61
Wheeling Charges is – Rs. 1.29 per kWh.

It is further submitted by TPL-D (D) that the Open Access consumers will also have to bear the wheeling losses in addition to wheeling charges at 2.00%.

Commission's Analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharge, has considered the allocation matrix between the wheeling and retail supply business as per GERC (MYT) Regulations, 2011.

The allocation matrix and the basis of allocation of various cost components of the ARR as per GERC (MYT) Regulations, 2011 are shown below:

Table 7.2: Allocation matrix for segregation to Wheeling and Retail Supply for TPL-Dahej Supply Area for FY 2016-17 as per GERC Regulations

Sl. No.	Particulars	Wire Business (%)	Retail Supply Business (%)
1	Power purchase expenses	0	100
2	Employee expensed	60	40
3	Administration and General expenses	50	50
4	Repairs and Maintenance expenses	90	10
5	Depreciation	90	10
6	Interest on long term loan capital	90	10
7	Interest on working capital and consumer security deposit	10	90
8	Bad debt written off	0	100
9	Income tax	90	10
10	Contribution to contingency reserve	100	0
11	Return on equity	90	10
12	Prompt payment rebate	0	100
13	Non-Tariff income	10	90

Based on the above allocation, the approved ARR for wires business and retail supply business are computed as shown below:

Table 7.3: Allocation ARR between wheeling and retail supply business for Dahej for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power Purchase expenses	56.02	0.00	56.02
2	O&M Expenses	2.82		
	i) Employee Expenses	0.77	0.46	0.31
	ii) R&M Expenses	0.88	0.79	0.09
	iii) A&G Expenses	1.17	0.59	0.59
3	Depreciation	6.01	5.41	0.60
4	Interest on loan	6.07	5.46	0.61
5	Interest on consumer security deposit	3.47	0.35	3.12
6	Interest on working capital	0.00	0.00	0.00
7	Provision for bad debt	0.00	0.00	0.00
8	Income tax	0.00	0.00	0.00
9	Contribution to contingency reserve	0.65	0.65	0.00
10	Return on equity	5.04	4.54	0.50
11	Less: Non-Tariff Income	0.98	0.10	0.88
12	**Net ARR**	79.10	18.15	60.95

The above allocations of ARR are used for determination of charges and cross subsidy surcharge for FY 2016-17.

The Commission considered the proposal of TPL-D (D) for apportionment of ARR between HT and LT voltage level as mentioned in para 7.2 for the earlier Tariff Order which is also in tune with the judgment of Hon'ble Tribunal in Appeal no 32 of 2012. Based on the above the wheeling charges in cash are approved as given in the Table below:

The wheeling charges are arrived at Rs. 1.29 per kWh as below:

ARR of wheeling business (Rs. Crore)	– 18.15
Sales (MUs)	– 140.61
Wheeling Charges	– Rs. 1.29 / kWh.

The Open Access consumer will also have to bear the distribution loss at 2.00% in addition to the wheeling charges.

The Commission approves the wheeling charges at Rs. 1.29 per kWh for FY 2016-17.

7.3 Determination of Cross Subsidy Surcharge

Petitioner's Submission

TPL-D (D) submitted cross-subsidy calculation based on the formula enumerated in the Tariff Policy as shown in the Table below:

Table 7.4: Cross subsidy surcharge for FY 2016-17 submitted by TPL-D (D)

Particulars	HTP-1
T – Tariff for HT category in Rs/kWh	5.15
PPC – Average cost of power Purchase in Rs/kWh	3.90
L – Loss for HT category in %	2.00%
D –Wheeling charges for HT category in Rs/kWh	1.29
Cross subsidy Surcharge in Rs/kWh	-

The Petitioner submitted that it has considered the pooled power purchase cost instead of top 5% for calculation of gross subsidy surcharge, which works out to zero.

Commission's Analysis

Hon'ble APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has recently issued Tariff Policy, 2016. According to this policy the formula for Cross Subsidy Surcharge is as under;

S = T – [C / (1 - L/100) + D + R]

Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets.

The cross subsidy surcharge based on the above formula is worked out as shown in the table below:

Table 7.5: Cross subsidy surcharge for FY 2016-17

Sl. No.	Particulars	HT Industry
1	T - Tariff for HT Category (Rs./kWh)	5.15
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	3.90
3	D - Wheeling Charge (Rs./kWh)	1.29
4	L - Aggregate T&D Loss (%)	2%
5	R= per unit cost of carrying regulatory assets (Rs./kWh)	0.00
6	S = Cross subsidy surcharge (Rs./kWh)	0.00

S = 5.15 - [3.90 / (1-2/100) + 1.29 + 0.00]

= 0.00 Rs./kWh

8. Compliance of Directives

8.1 Fresh Directive:

Directive 1: Recovery of "Regulatory Charge"

TPL-D is directed to submit a statement of actual recovery of "Regulatory Charge" along with units sold on bi-monthly basis to the Commission duly certified by the Statutory Auditors and shall also host these details on their website.

Directive 2: Interest cost reduction

TPL-D is directed to negotiate with the lenders for reduction in the rate of interest on the borrowings failing which they should replace high cost debt with low cost debt so that the net benefit of interest cost reduction is available to the consumers.

TPL-D shall furnish Quarterly Progress Report about the action taken and results thereof.

COMMISSION'S ORDER

The Commission approves the revised Aggregate Revenue Requirement (ARR) for TPL-D (Dahej) for FY 2016-17, as shown in the Table below:

Approved ARR for TPL-D (Dahej) for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	FY 2016-17
1	Power purchase Cost	56.02
2	Operations and Maintenance expenses	2.82
3	Depreciation	6.01
4	Interest on Loans	6.07
5	Interest on Working Capital	-
6	Interest on Security Deposit	3.47
7	Bad debts written off	-
8	Contingency Reserve	0.65
9	Return on equity	5.04
10	Income Tax	-
11	**Total expenditure**	**80.08**
12	Less: Non-Tariff income	0.98
13	**Aggregate Revenue Requirement**	**79.10**

The retail supply tariffs for TPL-D (Dahej) Distribution area for FY 2016-17 determined by the Commission are annexed to this order.

This order shall come into force with effect from the 1st April, 2016. The revised rate shall be applicable for the electricity consumption from the 1st April, 2016 onwards.

Sd/-	Sd/-
P. J. THAKKAR	**K. M. SHRINGARPURE**
Member	Member

Place: Gandhinagar
Date: 31/03/2016

ANNEXURE: TARIFF SCHEDULE

TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION, AND EXTRA HIGH TENSION

Effective from 1st April, 2016

GENERAL CONDITIONS

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by all the consumers of Torrent Energy Limited – Distribution in the Dahej SEZ area.

2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.

3. All these tariffs for power supply are applicable to only one point of supply.

4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.

5. Except in cases where the supply is used for purpose for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.

6. Meter charges shall be applicable as prescribed under ‘GERC (Licensee’s Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005 as in force from time to time.

7. The various provisions of the GERC (Licensee’s power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations will continue to apply.

8. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.

9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the

case may be.

The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).

10. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.

11. The Fixed charges, minimum charges, demand charges, meter rent and the slabs of consumption of energy for energy charges mentioned shall not be subject to any adjustment on account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of billing period for any reason.

12. Contract Demand shall mean the maximum kW for the supply of which licensee undertakes to provide facilities to the consumer from time to time.

13. Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the Formula approved by the Gujarat Electricity Regulatory Commission from time to time.

14. Payment of penal charges for usage in excess of contract demand / load for any billing period does not entitle the consumer to draw in excess of contract demand / load as a matter of right.

15. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and licensee shall be entitled to take any other action deemed necessary and authorized under the Act.

16. Delayed payment charges for all consumers:

    No delayed payment charges shall be levied if the bill is paid within ten days from the date of billing (excluding date of billing).

    Delayed payment charges will be levied at the rate of 15% per annum for the period from the due date till the date of payment.

    For Government dues, the delayed payment charges will be levied at the rate provided under the relevant Electricity Duty Act.

17. Prompt payment discount on the total bill excluding all types of levies, duties or taxes levied by the Government or any other competent authorities and meter rent but including fixed charges, energy charges and minimum charge may be allowed at the 1% rate for all tariff categories provided that the payment is made within 7 days of presentation of bill and that no previous amount is outstanding as on the date of the bill.

PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY

AT LOW AND MEDIUM VOLTAGE

1.0 Rate: RGP

This tariff is applicable to all services in the residential premises.

Single-phase supply: Aggregate load up to 6 kW
Three-phase supply: Aggregate load above 6 kW

1.1 Fixed Charges/Month:

Range of Connected Load:

(a)	Up to and including 2 kW	Rs. 5/- per month
(b)	Above 2 and up to 4 kW	Rs. 15/- per month
(c)	Above 4 and up to 6 kW	Rs. 30/- per month
(d)	Above 6 kW	Rs. 45/- per month

PLUS

1.2 Energy Charges: For the total monthly consumption:

(a)	First 50 units	225 Paise per Unit
(b)	Next 50 units	255 Paise per Unit
(c)	Next 150 units	320 Paise per Unit
(d)	Above 250 units	410 Paise per Unit

1.3 Minimum bill (excluding meter charges)

Payment of fixed charges as specified in 1.1 above.

2.0 Rate: Non-RGP

This tariff is applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load up to and including 40 kW.

2.1 Fixed charges per month:

(i) Up to and including 10 kW of connected load	Rs. 30/- per kW
(ii) Above 10 and up to 40 kW of connected load	Rs. 55/- per kW

PLUS

2.2 Energy charges:

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	320 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	350 Paise per Unit

2.3 Minimum Bill

Minimum bill per installation per month for consumers other than Seasonal Consumers:

Payment of Fixed Charge as specified in 2.1 above.

2.4 Minimum Bill per Installation for Seasonal Consumers

a) "Seasonal Consumer", shall mean a consumer who takes and uses power supply for ice factory, ice candy machines, ginning and pressing factory, oil mill, rice mill, huller, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fisheries industry), tapioca industries manufacturing starch, etc.

b) Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing in advance about the off-season period during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The total period of the off-season so declared and observed shall be not less than three calendar months in a calendar year.

c) The total minimum amount under the head "Fixed and Energy Charges" payable by the seasonal consumer satisfying the eligibility criteria under sub-clause (a) above and complying with the provision stipulated under sub-clause (b) above shall be Rs. 1600/- per annum per kW of the contracted load.

d) The units consumed during the off-season period shall be charged for at a flat rate of 335 Paise per unit.

e) The electricity bills related to the off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills related to the seasonal period only under the heads "Fixed Charges" and "Energy Charges", shall be taken into account while determining the amount of short- fall payable towards the annual minimum bill as specified under sub-clause (c) above.

3.0 Rate: LTMD

This tariff is applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load above 40 kW and up to 100 kW.

This tariff shall also be applicable to consumer covered in category- 'Rate: Non-RGP' so opts to be charged in place of 'Rate: Non-RGP' tariff.

3.1 Fixed charges:

(a)	**For billing demand up to the contract demand**	
	(i) For first 40 kW of billing demand	Rs. 65/- per kW per month
	(ii) Next 20 kW of billing demand	Rs. 100/- per kW per month
	(iii) Above 60 kW of billing demand	Rs. 165/- per kW per month
(b)	**For billing demand in excess of the contract demand**	Rs. 210/- per kW

PLUS

3.2 Energy charges:

For the entire consumption during the month	355 Paise per unit

PLUS

3.3 Reactive Energy Charges:

For all the reactive units (KVARH) drawn during the month	10 Paise per KVARH

3.4 Billing Demand

The billing demand shall be highest of the following:

(a) Eighty-five percent of the contract demand

(b) Actual maximum demand registered during the month

(c) 15 kW

3.5 Minimum Bill

Payment of demand charges every month based on the billing demand.

3.6 Seasonal Consumers taking LTMD Supply:

3.6.1 The expression, "Seasonal Consumer", shall mean a consumer who takes and uses power supply for ice factory, ice-candy machines, ginning and pressing factory, oil mill, rice mill, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fishery industry), tapioca industries manufacturing starch, pumping load or irrigation, white coal manufacturers etc.

3.6.2 A consumer, who desires to be billed for minimum charges on annual basis, shall intimate in writing in advance about the off-season during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of off-season so declared and observed shall be not less than three calendar months in a calendar year.

3.6.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub clause 5.6.1 above and complying with provisions stipulated under sub clause 5.6.2 above shall be Rs. 2700/- per annum per kW of the billing demand.

3.6.4 <u>The billing demand shall be the highest of the following</u>:

(a) The highest of the actual maximum demand registered during the calendar year.

(b) Eighty-five percent of the arithmetic average of contract demand during the year.

(c) 15 kW.

3.6.5 Units consumed during the off-season period shall be charged for at the flat rate of 335 Paise per unit.

4.0 <u>Rate: Non-RGP Night</u>

This tariff is applicable for aggregate load up to 40 kW and using electricity **<u>exclusively</u>** **<u>during night hours</u>** from 10.00 PM to 06.00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

4.1 Fixed Charges per month:

Fixed charges specified in Rate Non-RGP above.

PLUS

4.2 Energy Charges:

For entire consumption during the month	150 Paise per unit

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 4.0 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 4.0 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per Non-RGP category demand charge rates given in para 2.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per Non-RGP category energy charge rates given in para 2.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per Non-RGP category demand charge and energy charge rates given in para 2.1 and 2.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of Non-RGP tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to switch over from Non-RGP tariff to Non-RGP Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing*

5.0 Rate: LTMD- Night

This tariff is applicable for aggregate load above 40 kW and using electricity **exclusively during night hours** from 10.00 PM to 06.00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

5.1 Fixed Charges per month:

Fixed charges specified in Rate **LTMD** above.

PLUS

5.2 Energy Charges:

For entire consumption during the month	150 Paise per unit

5.3 Reactive Energy Charges:

For all reactive units (KVARH) drawn during the month	10 Paise per KVARH

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 5.0 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 5.0 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per LTMD category demand charge rates given in para 3.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per LTMD category energy charge rates given in para 3.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per LTMD category demand charge and energy charge rates given in para 3.1 and 3.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of LTMD tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to switch over from LTMD tariff to LTMD Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*

6.0 Rate: WWSP

This tariff shall be applicable to services used for water works and sewerage pumping purposes.

(a)	Fixed charges per month	Rs. 15 per HP
PLUS		
(b)	Energy charges per month: For entire consumption during the month	315 Paise per Unit

7.0 Rate: SL

7.1 Tariff for Street Light for Local Authorities and Industrial Estates:

This tariff includes the provision of maintenance, operation and control of the street lighting system.

7.1.1 Energy Charges:

For all the units consumed during the month	290 Paise per unit

7.1.2 Renewal and Replacements of Lamps:

The consumer shall arrange for renewal and replacement of lamp at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.

7.1.3 Maintenance other than Replacement of Lamps:

Maintenance of the street lighting system shall be carried out by Distribution Licensee.

8.0 Rate: TMP

This tariff is applicable to services of electricity supply for temporary period at the low voltage.

8.1 FIXED CHARGE

Fixed charger per installation	Rs. 14 per kW per Day

8.2 ENERGY CHARGE

A flat rate of	355 Paise per unit

Note: Payment of bills is to be made within seven days from the date of issue of the bill. Supply would be disconnected for non-payment of dues on 24 hours' notice.

PART-II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION (3.3 KV AND ABOVE, 3-PHASE 50 C/S), AND EXTRA HIGH TENSION

The following tariffs are available for supply at high tension for large power services for contract demand not less than 100 kVA

9.0 Rate: HTP-I

This tariff will be applicable for supply of electricity to HT consumers contracted for 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified in any other HT Categories.

9.1 Demand Charges;

9.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 100/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 200/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 270/- per kVA per month

9.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 370 per kVA per month

PLUS

9.2 Energy Charges

For entire consumption during the month		
(a)	up to 500 kVA of billing demand	320 Paise per Unit
(b)	For next 2000 kVA of billing demand	340 paise per Unit
(c)	For billing demand in excess of 2500 kVA	350Paise per Unit

PLUS

9.3 Time of Use Charges:

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 500 kVA	35 Paise per Unit
(b) For Billing Demand above 500 kVA	75 Paise per Unit

9.4 Billing Demand:

The billing demand shall be the highest of the following:

(a) Actual maximum demand established during the month

(b) Eighty-five percent of the contract demand

(c) One hundred kVA

9.5 Minimum Bills:

Payment of "demand charges" based on kVA of billing demand.

9.6 Power Factor Adjustment Charges:

9.6.1 Penalty for poor Power Factor:

Penalty for poor Power Factor:

1. The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 9.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
2. In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 9.2 of this schedule, will be charged.

9.6.2 Power Factor Rebate:

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 9.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

9.7 Maximum Demand and its Measurement:

The maximum demand in kW or kVA, as the case may be, shall mean an average KW/KVA supplied during consecutive 30/15 minutes or if consumer is having parallel operation with the grid and has opted for 3 minutes, period of maximum use where such meter with the features of reading the maximum demand in KW/KVA directly, have been provided.

9.8 Contract Demand:

The contract demand shall mean the maximum KW/KVA for the supply, of which the supplier undertakes to provide facilities from time to time.

9.9 Rebate for Supply at EHV:

On Energy charges:		**Rebate @**
(a)	If supply is availed at 33/66 kV	0.5%
(b)	If supply is availed at 132 kV and above	1.0%

9.10 Concession for Use of Electricity during Night Hours:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning (recorded by a polyphase meter operated through time-switch) shall be eligible for concession at the rate of 30 Paise per unit. The polyphase meter and time switch shall be procured and installed by the consumer at his cost and sealed by the Distribution Licensee.

9.11 Seasonal Consumers taking HT Supply:

9.11.1 The expression, "Seasonal Consumer", shall mean a consumer who takes and uses power supply for ice factory, ice-candy machines, ginning and pressing factory, oil mill, rice mill, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fishery industry), tapioca industries manufacturing starch, pumping load or irrigation, white coal manufacturers etc.

9.11.2 A consumer, who desires to be billed for minimum charges on annual basis, shall intimate in writing in advance about the off-season during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of off-season so declared and observed shall be not less than three calendar months in a calendar year.

9.11.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub clause 13.11.1 above and complying with provisions stipulated under sub clauses 13.11.2 above shall be Rs. 4000/- per annum per kVA of the billing demand.

9.11.4 The billing demand shall be the highest of the following:

(a) The highest of the actual maximum demand registered during the calendar year.

(b) Eighty-five percent of the arithmetic average of contract demand during the year.

(c) One hundred kVA.

9.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 320 Paise per unit.

9.11.6 Electricity bills paid during off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills for seasonal period only under the heads "Demand Charges" and "Energy Charges" shall be taken into account while determining the amount payable towards the annual minimum bill.

10.0 Rate HTP-II

Applicability: This tariff shall be applicable for supply of energy to HT consumers contracting for 100 KVA and above, requiring power supply for Water Works and Sewerage pumping stations.

10.1 Demand Charges:

10.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 90/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 190/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 250/- per kVA per month

10.1.2 For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs. 335 per kVA per month

PLUS

10.2 Energy Charges:

For entire consumption during the month		
(a)	up to 500 kVA of billing demand	320Paise per Unit
(b)	For next 2000 kVA of billing demand	340 Paise per Unit
(c)	For billing demand in excess of 2500 kVA	350 Paise per Unit

PLUS

10.3 Time of Use Charges:

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 500 kVA	35 Paise per Unit
(b) For Billing Demand above 500 kVA	75 Paise per Unit

10.4 Billing demand

10.5 Minimum bill

10.6 Maximum demand and its measurement

10.7 Contract Demand

10.8 Rebate for supply at EHV

10.9 Concession for use of electricity during night hours

Same as per HTP-I Tariff

POWER FACTOR ADJUSTMENT CHARGES:

10.10.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 10.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 10.2 of this schedule, will be charged.

10.10.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 10.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

11.0 Rate: HTP-III

This tariff shall be applicable to a consumer taking supply of electricity at high voltage, contracting for not less than 100 kVA for temporary period. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

11.1 Demand Charges:

For billing demand up to contract demand	Rs. 462/- per kVA per month
For billing demand in excess of contract demand	Rs. 550/- per kVA per month

PLUS

11.2 Energy Charges:

For all units consumed during the month	560 Paise / Unit

PLUS

11.3 Time of Use Charges:

Additional charge for energy consumption during two peak periods, viz. 0700 Hrs. to 1100 Hrs. an 1800 Hrs to 2200 Hrs.	75 Paise per unit

<table>
<tr><td>11.4</td><td>Billing demand</td><td rowspan="5">Same as per HTP-I Tariff</td></tr>
<tr><td>11.5</td><td>Minimum bill</td></tr>
<tr><td>11.6</td><td>Maximum demand and its measurement</td></tr>
<tr><td>11.7</td><td>Contract Demand</td></tr>
<tr><td>11.8</td><td>Rebate for supply at EHV</td></tr>
</table>

11.9 POWER FACTOR ADJUSTMENT CHARGES:

11.9.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 11.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 11.2 of this schedule, will be charged.

11.9.2 Power Factor Rebate:

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 11.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

12.0 <u>Rate: HTP-IV</u>

This tariff shall be applicable for supply of electricity to HT consumers opting to use electricity exclusively during night hours from 10.00 PM to 06.00 AM next day and contracted for regular power supply of 100 kVA and above.

12.1 Demand Charges:

Same rates as specified in rate HTP-I

PLUS

12.2 Energy Charges:

For all units consumed during the month	130 Paise per unit

12.3 Billing demand
12.4 Minimum bill
12.5 Maximum demand and its measurement
12.6 Contract Demand
12.7 Rebate for supply at EHV

Same as per HTP-I Tariff

12.8 POWER FACTOR ADJUSTMENT CHARGES:

12.8.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 12.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 12.2 of this schedule, will be charged.

12.8.2 Power Factor Rebate:

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 12.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 12.0 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 12.0 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTP-I category demand charge rates given in para 9.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTP-I category energy charge rates given in para 9.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per HTP-I category demand charge and energy charge rates given in para 9.1 and 9.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of HTP-I tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to switch over from HTP-I tariff to HTP-IV tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*