GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2016-17

and Determination of Tariff for FY 2018-19

For

MPSEZ Utilities Private Ltd.
(MUPL)

Case No. 1694 of 2017
5th April, 2018

6thFloor, GIFT ONE, Road 5C, GIFT City
Gandhinagar-382335 (Gujarat), INDIA
Phone: +91-79-23602000 Fax: +91-79-23602054/55
E-mail: gerc@gercin.org : Website www.gercin.org

सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION

(GERC)

GANDHINAGAR

Tariff Order

Truing up for FY 2016-17

and Determination of Tariff for FY 2018-19

For

MPSEZ Utilities Private Ltd.
(MUPL)

Case No. 1694 of 2017

5th April, 2018

CONTENTS

LIST OF TABLES

ABBREVIATIONS

A&G	Administration and General Expenses
AMR	Automated Meter Reader
APL	Adani Power Ltd.
APSEZL	Adani Ports and Special Economic Zone Ltd.
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CETP	Common Effluent Treatment Plan
Control period	The period from FY 2016-17 to FY 2020-21
CWIP	Capital Works in Progress
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
HTMD	High Tension Maximum Demand
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
LTPPA	Long Term Power Purchase Agreement
MCLR	Marginal Cost of Lending Rate
MPSEZL	Mundra Port and Special Economic Zone Limited
MTR	Mid-term Review
MUs	Million Units (Million kWh)
MW	Mega Watt
MSW	Municipal Solid Waste
MUPL	MPSEZ Utilities Private Limited
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
R&M	Repairs and Maintenance
REC	Renewable Energy Certificate
RLDC	Regional Load Despatch Centre
RPO	Renewable Purchase Obligation
SBAR	State Bank Advance Rate
SBBR	State Bank Base Rate
SBI	State Bank of India
SEZ	Special Economic Zone
SLC	Service Line Contribution
SLDC	State Load Despatch Centre
STU	State Transmission Utility
WRLDC	Western Regional Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1694 of 2017

Date of the Order: 05/04/2018

CORAM

Shri Anand Kumar, Chairman
Shri K. M. Shringarpure, Member
Shri. P. J. Thakkar, Member

ORDER

1. Background and Brief History

1.1 Background

MPSEZ Utilities Private Limited (hereinafter referred to as "MUPL" or the "Petitioner") has filed the present petition on 15th December, 2017 under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 for the Truing up of FY 2016-17 and for determination of tariff for its Mundra Port and Special Economic Zone (SEZ) area in District Kutch, Gujarat for FY 2018-19.

Gujarat Electricity Regulatory Commission notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29th March, 2016 which shall be applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards.

Regulation 17.2 (b) of the GERC (Multi-Year Tariff) Regulations, 2016 provides for submission of detailed application comprising of truing up for FY 2016-17 to be carried out under the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016, revenue from the sale of power at existing tariffs and charges for the ensuing year (FY 2018-19) and revenue gap or revenue surplus for the third year of the Control Period calculated based on the Aggregate Revenue Requirement approved in the MYT Order and truing up for the previous year and determination of tariff for FY 2018-19.

After technical validation of the petition, it was registered on 19th December, 2017 as Case No. 1694/2017 and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this tariff Order.

1.2 MPSEZ Utilities Private Limited (MUPL)

The Petitioner, MPSEZ Utilities Private Ltd (MUPL) is a company incorporated in 2008 under the Companies Act, 1956. Another company, Adani Ports and Special Economic Zone Ltd. (APSEZL), formerly known as Mundra Port and Special Economic Zone Limited (MPSEZL), is developing a multi-product SEZ at Mundra. The area of MPSEZL is about 8,481 hectares.

MUPL, created to provide infrastructure facilities in the Special Economic Zone, entered into a co-developer agreement with MPSEZL. The Ministry of Commerce and Industry, Government of India has approved MUPL as a co-developer to create infrastructure facilities in MPSEZL.

MUPL obtained the status of distribution licensee vide Government of India notification dated 03/03/2010. This was also endorsed by the Gujarat Electricity Regulatory Commission (GERC) vide Order No. GERC/Legal 2010/0609 dated 06/04/2010 allowing for distribution of electricity in Mundra SEZ area, Kutch. As such, MUPL is a deemed licensee for distribution of electricity in Mundra SEZ area.

1.3 Commission's Order for tariff of FY 2016-17

The Commission in its Order dated 2nd December, 2015, in the Suo Motu Petition No. 1534 of 2015, 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 also decided that the licensees / generating companies shall file the ARR for FY 2016-17 based on the new 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 was 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.

Accordingly, the Petitioner filed its petition for Truing-up of FY 2014-15 and determination of tariff for FY 2016-17 on 30th December, 2015. The petition was registered on 1st January 2016. The Commission approved the provisional ARR and the determined tariff for FY 2016-17 vide Order dated 31st March, 2016.

1.4 Commission's Order for Approval of final ARR for FY 2016-17 and Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21

The Petitioner filed its petition for Truing up for 2015-16, Approval of Final ARR for 2016-17, Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and Determination of tariff for 2017-18 on 14th December, 2016. The petition was registered on 17th December, 2016 (under Case No. 1631 of 2016). The Commission vide Order dated 31st March, 2017 approved the Truing up for 2015-16, Final ARR for 2016-17, Multi-Year ARR for FY 2016-17 to FY 2020-21 and determined the tariff for FY 2017-18.

1.5 Background of the present petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the control period of FY 2016-17 to FY 2020-21. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the truing up of previous year's expenses and revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

Regulation 16.2 (vi) of the GERC (MYT) Regulations, 2016 provides for annual determination of tariff for the Generating Company, Transmission Licensee, SLDC, Distribution Wire Business and Retail Supply Business, for each financial year, within

the Control Period, based on the approved forecast and results of the truing up exercise.

1.6 Registration of the Current Petition and Public Hearing Process

The Petitioner submitted the current Petition for Truing up of FY 2016-17 and determination of tariff for FY 2018-19 on 15th December, 2017. After technical validation of the petition, it was registered on 19th December, 2017 (Case No. 1694 of 2017) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, MUPL was directed to publish its application in newspapers to ensure public participation.

The Public Notice, inviting objections /suggestions from the stakeholders on the petition, was published in the following newspapers:

Table 1-1: List of newspapers

Sl. No.	Particulars	Language	Date of Publication
1	The Indian Express	English	22.12.2017
2	Kutch Mitra	Gujarati	22.12.2017
3	Gujarat Samachar	Gujarati	22.12.2017

With regard to interest on working capital and non-tariff income MUPL filed the corrigendum on 10th January, 2018 and published the same on 11th January, 2018 in the aforementioned newspapers.

The Petitioner also placed the public notice and the petition on its website (www.adaniports.com), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections / suggestions on the petition on or before 21st January, 2018.

The Commission also placed the petition and additional details received from the Petitioner on its website (www.gercin.org) for information and study for all the stakeholders.

The Commission received objections / suggestions from the consumers / consumer organizations as shown in Table below. The Commission examined the objections / suggestions received and scheduled a public hearing on 6th February, 2018 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 the Commission's Office at Gandhinagar on the above date.

The status of stakeholders who submitted their written suggestions / objections, those who remained present in public hearing, those who could not attend the public hearings and those who made oral submissions is given in the Table below:

Table 1-2: Status of stakeholders

Sr. No.	Name of Stakeholders	Written Submission	Oral Submission	Present on 06.02.2018
1.	Laghu Udyog Bharti - Gujarat	Yes	Yes	Yes
2.	Utility Users' Welfare Association (UUWA)	Yes	Yes	Yes

The issues raised by the objectors, along with the response of MUPL and the Commission's views on the response, are dealt with in Chapter 3 of this Order.

1.7 Approach of this Order

The GERC (MYT) Regulations, 2016, provide for "Truing up" of the previous year and determination of tariff for the ensuing year.

MUPL has approached the Commission with the present Petition for "Truing up" of FY 2016-17 and determination of tariff for FY 2018-19.

In this Order, the Commission has considered the "Turing up" for FY 2016-17, as per the GERC (MYT) Regulations, 2016.

The Commission has undertaken "Truing up" for FY 2016-17, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2016-17, based on the audited annual accounts.

While truing up of FY 2016-17, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.

- The Truing up for FY 2016-17 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of Tariff for FY 2018-19 have been considered as per the GERC (Multi-Year Tariff) Regulations, 2016.

1.8 Contents of the Order

This Order is divided into **Nine** chapters as under:

1. The **First Chapter** provides the background of the Petitioner, the Petition and details of the public hearing process and the approach adopted for this Order.
2. The **Second Chapter** outlines the summary of MUPL's petition.
3. The **Third Chapter** provides for the objections raised by various stakeholders, MUPL's response and the Commission's views on the response.
4. The **Fourth Chapter** deal with 'Truing up' for FY 2016-17.
5. The **Fifth Chapter** deals with the determination of Tariff for FY 2018-19.
6. The **Six Chapter** deals with the compliance of directives.
7. The **Seventh Chapter** deals with FPPPA.
8. The **Eighth Chapter** deals with determination of the wheeling charges and cross-subsidy surcharge.
9. The **Ninth Chapter** deals with the tariff philosophy and tariff proposal.

2. Summary of Truing up for FY 2016-17 and Tariff for FY 2018-19

2.1 Introduction

This Chapter deals with highlights of the petition as submitted by MUPL for truing up of FY 2016-17 and determination of tariff for FY 2018-19.

2.2 True up for FY 2016-17

A summary of the proposed ARR for Truing-up of FY 2016-17 compared with the approved final ARR for FY 2016-17 in "Multi Year Tariff Order" dated 31st March, 2017 is presented in the Table below along with the item-wise gain/ loss computations as submitted by MUPL:

Table 2-1: True-up proposed by MUPL for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	True-Up Year (FY 2016-17)				
		Tariff Order	Claimed	Over (+) / Under (-) Recovery	Gain / (Loss) due to Controllable Factor	Gain / (Loss) due to Uncontrollable Factor
1	Power Purchase Expenses	116.35	110.07	6.28	0.00	6.28
2	Operation & Maintenance Expenses	9.07	7.52	1.55	0.00	1.55
3	Depreciation	3.33	3.33	0.00	0.00	0.00
4	Interest & Finance Charges	3.62	3.49	0.13	0.00	0.13
5	Interest on Security Deposit	0.19	0.16	0.03	0.00	0.03
6	Interest on Working Capital	1.22	1.01	0.21	0.00	0.21
7	Bad Debts Written Off	-	-	-	0.00	-
8	Contribution to Contingency Reserves	-	-	-	0.00	0.00
9	Return on Equity Capital	2.93	2.93	-	0.00	-
10	Income Tax	-	0.10	(0.10)	0.00	(0.10)
11	Less: Non-Tariff Income	0.45	0.08	0.38	0.00	0.38
12	**Aggregate Revenue Requirement**	**136.26**	**128.53**	**7.73**	**0.00**	**7.73**

2.3 Revenue gap / (surplus) for FY 2016-17

The Table below summarizes the proposed ARR claimed by MUPL for truing up.

Table 2-2: True up for FY 2016-17 as submitted by MUPL

(Rs. Crore)

Particulars	Approved in truing up for 2016-17
ARR approved in MYT Order for 2016-17 (a)	136.26
Less: gain on account of controllable factor to be passed to consumers (1/3rd) (b)	-
Less: Gain on account of uncontrollable factor (c)	7.73
ARR trued up of 2016-17 [(d)=a+b-c]	**128.53**

MUPL has incorporated carrying cost for FY 2015-16 & FY 2016-17 on eligible consolidated revenue surplus of Rs. 2.15 Crore of FY 2014-15 at interest rate of 10.00% as per the GERC (MYT) Regulation 2016. The Table below summarizes the trued up ARR, revenue from sale of power, resultant gap / (surplus), carrying cost and consolidated gap / (surplus) for FY 2016-17.

Table 2-3: Derivation of consolidated revenue gap / (surplus) submitted by MUPL for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Actual submitted for 2016-17
1	Trued up ARR for FY 2016-17	128.53
2	Add: Approved Gap/(Surplus) for FY 2014-15	(2.15)
3	Add: Carrying Cost on Revenue Surplus of FY 2014-15 for FY 2015-16 & FY 2016-17	**(0.43)**
4	Less: Revenue from Sale of Power	120.88
5	**Net Revenue Gap/ (Surplus)**	**5.07**

2.4 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2018-19

MUPL has also sought approval for final Aggregate Revenue Requirement for FY 2018-19 as per Commission the MYT Order dated 31st March, 2017. MUPL has submitted the revenue requirement as under:

Table 2-4: ARR Proposed by MUPL for FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	FY 2018-19
1	Power purchase cost	231.24
2	O&M expenses	10.14
3	Depreciation	3.84
4	Interest on LT loans and Finance charges	2.87
5	Interest on Security Deposits	0.19
6	Interest on Working capital	2.65
7	Return on Equity	2.97
8	Contribution to Contingency Reserves	0.00
9	Income Tax	0.00
10	Less: Non-tariff income	0.45
11	**ARR**	**253.45**

2.5 Revenue Gap/ (Surplus) for FY 2018-19

Based on the ARR for FY 2018-19 given in the Table above, the estimated revenue gap for FY 2018-19 at existing tariff is shown in the following Table.

Table 2-5: Estimated revenue gap / (surplus) of MUPL for FY 2018-19

(Rs. Crore)

Particulars	2017-18
ARR for 2018-19	253.45
Add: Consolidated Revenue gap up to 2016-17	5.07
Add: Carrying cost on consolidated gap of 2016-17 for 2017-18 & 2018-19	0.81
Revenue at existing tariff for 2018-19	279.09
Revenue Gap/ (Surplus) for 2018-19	**(19.76)**

2.6 Request of MUPL

1. Admit the Petition for truing up of Aggregate Revenue Requirement for FY 2016-17 and tariff determination for FY 2018-19.
2. Approve consolidated revenue gap of FY 2016-17 along with carrying cost.
3. Approve sharing of gains/losses, as proposed by the Petitioner for FY 2016-17.
4. Approve Wheeling ARR and corresponding charges for wheeling of power with effect from 01.04.2018.

5. Approve cross subsidy surcharge filed by the Petitioner.
6. Approve Tariff schedule as proposed by the Petitioner.
7. Allow additions / alterations / changes modifications to the application at a future date
8. Allow any other relief, Order or direction, which the Commission deems fit to be issued
9. Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date

3. Brief outline of objections raised, response from MUPL and Commission's view

3.1 Stakeholders' suggestions/ objections, Petitioner's Response and Commission's observations

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by MUPL for Truing up of FY 2016-17 and determination of ARR for FY 2018-19 under the GERC (MYT) Regulations, 2016, a number of Consumers / organizations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. The objections / suggestions by the consumer / consumers organizations, the response from the Petitioner and the views of the Commission are given below:

1. Issues in FY 2016-17 True up

Referring Note 36 of Annual financial report for FY 2016-17, the Objector has submitted that power supplier is Group Company. The Power purchase cost of the Petitioner has increased by 9.34%. The Power Sale Cost is increased by 8.59. There is reduction in actual purchase sale of energy than projections. As such even though there is reduction in power sale cost there is increase in power purchase cost for reduced. The Objector has requested the Commission to decide following issues:

a) What is the effective date of rise in power purchase cost?
b) Rise in power purchase cost is not proved.
c) This is artificial rise in power purchase cost.
d) The energy balance does not show UI units which are 16.91 MU (Table 8) and Rs. 1.82 Crore (Note 23 of Annual financial report 2016-17) are added to power purchase cost

Response of MUPL

The Petitioner has submitted that it had tied-up power of 50 MW under Long Term PPA with Adani Power Limited through competitive bidding route for the period of 25 years starting from 01.04.2016. The aforesaid PPA has been adopted by the Commission vide Order dated 11.06.2014 in petition no. 1393 of 2014.

The increase of actual per unit energy cost for FY 2016-17 compared to what it has been approved during MYT, is attributable to lower power demand due to slow development of SEZ on account of change in SEZ policy, lower load factor due to economic slowdown and RPO compliance of FY 2014-15, which are beyond the control of the distribution license and therefore, could not be mitigated.

The sum of contracted demand of all the consumers for FY 2016-17 is only 52 MVA against 73 MVA which has been considered during MYT. The maximum demand of 38.27 MW and average demand of 23.58 MW with annual load factor of 62% have been observed during FY 2016-17. Accordingly, it is evident that the lower sales are due to lower addition of new load and lower utilization of existing load.

The Commission vide Order dated 31.12.2016 in the matter of Suo-Motu proceeding in Petition No. 1542 of 2015 and 1533 of 2015 has directed the Petitioner to fulfil RPO of FY 2014-15 during FY2016-17, over and above RPO target of FY 2016-17. Accordingly, the Petitioner has purchased RECs worth of Rs. 2.60 Crore during FY 2016-17 against RPO of FY 2014-15.

The Commission has classified power purchase cost as uncontrollable as per para 23.1 (c) of the GERC (MYT) Regulations, 2016, which is applicable here for the true up of FY 2016-17.

Commission's View

The Commission has noted the Petitioner's response. The additional information provided by the Petitioner on sale of power and power purchase costs are also considered and found satisfactory. The Commission has placed the said information received from the Petitioner on the GERC website and accordingly, same is made available to all the stakeholders. Detailed analysis of approved power purchase expenses is covered in chapter 4 of this Order.

2. ARR submitted in name of MPSEZ Utilities Pvt. Ltd.

The Objector has submitted that referring auditor's report of Annual financial report 2016-17 which is in name of MUPL Power distribution business a subsidiary of MPSEZ Utilities Pvt. Ltd. The Objector do not find anything on record of approval by the Commission or any authority which allows this deviation. It does not say why the

name of MUPL Power distribution is not used in ARR submissions. The Petitioner has not segregated the accounts of wire business and Common Effluent Treatment Plant (CETP) for comparison in ARR.

Response of MUPL

The Petitioner has submitted that MPSEZ Utilities Pvt. Ltd. has Power Distribution Business and Common Effluent Treatment Plant Business in Mundra SEZ. The auditor has audited financial statements comprising of Balance Sheet, the statement of Profit and Loss and Cash Flow Statement of MUPL's Power Distribution Business separately for the year ended on 31.03.2017 which the Petitioner has considered for the truing up of FY 2016-17 as per the principles laid down in the GERC (MYT) Regulations, 2016.

Commission's View

The Commission has noted the Petitioner's response which is self-explanatory.

3. Security Deposit

The Objector has submitted that as the licensee and user are almost same, it is not felt necessary by MUPL to account it as per the GERC Security deposit regulations. As per Note 16 of annual financial report other financial liability of annual financial reports the deposit recovered from consumers is Rs.2.27 Crore against sales of Rs.120.88 Crore which is 1.19%of total revenue. This shall be about 12.5% of revenue. The 11.31% security deposit is taken less which is about Rs. 13.67 Crore. So the Petitioner has violated security deposit regulations of the GERC, and liable for actions under section 142 of Electricity Act, 2003. As such Table 14 ARR Interest on working capital is not admissible.

Response of MUPL

The Petitioner has submitted that it has clearly mentioned in its petition at point no. 3.40 that the contribution to security deposit depends upon addition of new consumers & their load growth from time to time as projected in ARR Petition for FY 2016-17. Moreover, the consumers generally opt to give Bank Guaranty (BG) against security deposit of amount more than 25 lakhs as per the GERC Security Deposit (Second Amendment) Regulations, 2015 instead of cash deposit, revenue contribution of such consumers during FY 2016-17 was 86% of the total revenue. The

revenue from other consumers during FY 2016-17 was Rs. 16.72 Crore, against which the Petitioner was having security deposit of Rs. 2.27 Crore, which was 13.57% of associated revenue.

Commission's View

The Commission has noted the Petitioner's response which is self-explanatory.

4. Higher receipts and taking of money by multiple entries

The Objector has submitted that there is reduction in cost of property plants to the extent of 34.47% in Balance Sheet. Note 4 does not reveal it. The interdivision balance entry in Balance sheet for Rs. 1.04 Crore is nowhere found. The Trade receivables of Rs. 1.05 Crore is not shown in ARR. The retained earnings of Rs. 12.23 Crore have no justification. The steep increase and reduction in the amount of balance sheet for the 3 financial years is indicative of higher receipts and taking of money by multiple entries.

Response of MUPL

The Petitioner has submitted that it has submitted trued up ARR considering various elements specified in the GERC (MYT) Regulations, 2016. The Petitioner clarifies that it has considered revenue from sale of power and non-tariff income specified in the GERC (MYT) Regulations, 2016 for truing up of FY 2016-17, which comes to Rs. 120.95 Crore for FY 2016-17.

Commission's View

The Commission has noted the response of the Petitioner.

5. Depreciation Amount

Referring Note 4a of AFR 2016-17, the Objector has submitted that the accumulated depreciation sum is Rs. 6.94 Crore It is for three years from 01.04.2015 to 31.03.2017. The depreciation sum of period prior to 3 years is not considered in Annual financial report of year 2017. It is not found that where is it accounted.

The Objector has stated that it is required to segregate the assets as below:

a. Plant lines under control of generating company supplying power to licensee

b. Plant lines under control of retail supply company supplying power to consumers

c. Plant electric lines, S/S cost under control of Generation company MUPL and consumer are required to be clearly segregated and licensees.

d. Please refer form 5 of ARR, depreciation accumulated at end of financial year Rs. 21.94 Crore is required to be shown in ARR to adjust against loans / borrowings etc. amount.

e. In the Note 4a of Annual Financial report of 2017, sum of Rs. 6.94 Crore as depreciation as accounted. As per above para where the difference of Rs. 15 Crore is accounted?

Response of MUPL

The Petitioner has submitted that it has prepared Financial Statement for FY 2016-17 as per "Indian Accounting Standards" and accordingly, details have been presented in Note 4(a) of Financial Statement showing depreciation of Rs. 6.94 Crore for FY 2015-16 and FY 2016-17. The accumulated depreciation of Rs. 21.61 Crore up to 31.03.2017 has been mentioned in Form 5 submitted by the Petitioner with Petition.

Commission's View

Detailed analysis of approved depreciation is covered in chapter 4 of this Order, after due diligence of annual accounts and additional details provided by the Petitioner. The Commission has placed the said information received from the Petitioner on the GERC website and accordingly, same is made available to all the stakeholders.

6. Revenue Gap

The Objector has submitted that the Petitioner have generated ARR gap by taking profits and surplus to different heads which is in violation to the GERC Tariff regulations.

Response of MUPL

The Petitioner has submitted that it has worked out Revenue Gap based on trued up ARR and revenue from power distribution business, as per the principles laid down in the GERC (MYT) Regulations, 2016.

Commission's View

Surplus or Gap in recovery of Aggregate Revenue Requirement is required to be determined on the basis of projections for the ensuing year and the result of truing up exercise for the previous year. The detailed analysis in this regard is covered in the related chapters of this Order.

7. Game of UI Charges

The Objector has submitted that UI Energy is 16.9 MU. Cost is Rs. 1.825 cr. The PUC is for UI Energy which is not considered for energy balance. UI Power purchase entry is @ Rs. 1.07 per unit. Otherwise it is Rs. 5.54 /unit. This clearly specifies that the ARR is entry based.

Response of MUPL

The Petitioner has submitted that it has accounted UI Energy in Energy Balance, which reflects in Table 8 of Petition. The Petitioner clarifies that the Power Purchase Cost of Rs. 103.75 Crore shown in Table 9 of Petition includes total UI charges for FY 2016-17.

Commission's View

The Commission has noted the response of the Petitioner which is self-explanatory.

8. ARR Tariff proposal for 2018-19

The Objector has submitted that as the irregularities of True up proposal are repeated; the Commission is requested not to revise Tariff for 2018-19.

Response of MUPL

The Petitioner has submitted that it has prepared Tariff Petition for True-up of FY 2016-17 and Tariff Determination for FY 2018-19 as per the GERC (MYT) Regulations, 2016.

Commission's View

The Commission has noted the response of the Petitioner.

9. Petition is not admissible and as it is incomplete

The Objector has submitted that Clause 34 of the GERC (Conduct of Business) Regulations, 2004 contemplates that "In the event of any Petition not conforming the provisions and requirements of the Acts and regulations made by the Commission under them, the Secretary may refuse to get it registered and keep or cause to be kept such Petition in objection and objection shall be removed by the Petitioner or Person making the Reply within 10 days from date of specifying such objection or within such time that may be extended at his discretion by the Secretary. On failure to remove objections within time allowed, the Petition shall stand dismissed."

Response of MUPL

The Petitioner has submitted that the petition is as per the provisions of the Electricity Act, 2003 and in line with the principles laid down by the Commission in the GERC (MYT) Regulations, 2016. The Commission have registered the said petition as petition no. 1694/2017 in accordance with the GERC (MYT) Regulations, 2016.

Commission's View

As provided in the GERC (MYT) Regulations, 2016, Secretary of the Commission is authorised for registration of tariff application and intimating the Petitioner for publication of notice in this regard. Further, as provided in Tariff Policy, Commission has to initiate tariff determination exercise in the absence of filing by the licensee or incomplete filing. The petition has been filed as per the GERC (MYT) Regulations, 2016.

10. Reduction in Energy Sales

The Objector has submitted that the energy sales projected and hence approved was 231.63 MUs whereas actual sale is only 198.67 MUs which is 16% variation. The Commission is requested to verify the evidence or the base of projection or forecast of sale of energy.

The Objector has submitted that the Petitioner has not submitted the reasons for reduction in the energy sale for FY 2016-17 with evidence that why the projections of energy sales have gone wrong. The nexus is very clear that it has become a protocol to project the energy sale high, and on that basis the energy requirement and other

elements of tariff would be accessed high. Therefore, ARR would also come high. But at the time of truing up, the energy sale is shown low saying that there is no demand because of slow development and energy sale is uncontrollable. However, the game is simple to understand that the expenditure which was projected considering the higher energy sale is not reduced on pro rata in the truing up leading to the revenue gap always in all the tariff petitions.

Response of MUPL

The Petitioner has submitted that during filing of MYT Petition for 3rd control period, the Petitioner had taken feedback from existing consumers and SEZ developer to forecast demand/sale in the distribution license area and accordingly, Petitioner had filed MYT Petition. The Petitioner further stated that the majority of consumers in the license area of Petitioner are Industrial/commercial consumers and demand of these customers directly depends on policies of the Government. Moreover, these policies also affect the decision of upcoming consumers to install plant in the license area.

In view of the above, increase/decrease in sale is uncontrollable factor for the Petitioner. The Petitioner has put in its best endeavour to forecast the sales data on the basis of feedback received from Consumers and SEZ Developer during filing of MYT Petition. The details of the same were submitted to the Commission at that point of time.

Commission's View

The Commission has noted the response of the Petitioner which is self-explanatory.

11. Failure of achieving the purpose of preamble of E.A. 2003 and MYT Regulations

The Objector has submitted that the MYT frame work, principles of incentives and disincentives has lost the place resulting into the failure of achieving the very purpose of preamble of E.A.2003 and MYT regulations framed there under. The trajectory of the various elements controllable and uncontrollable which has been achieved by the licensee should be set as benchmark and in the next year, the tariff elements is required to be set close to the achieved one so that efficiency and good performance will be put into the system ultimately fluctuating the tariff within the very narrow span.

Response of MUPL

The Petitioner has submitted that it has filed the petition as per the provisions of the Electricity Act, 2003 and in line with the principles laid down by the Commission in the GERC (MYT) Regulations, 2016.

Commission's View

The Commission has noted the response of the Petitioner which is self-explanatory.

12. Power procurement only through competitive bidding

The Objector has submitted that power procurement cost is more than 85% in the tariff. NTP and other commercial principles emphasize the power procurement only by competitive bidding to get the best lowest price. However, distribution licensee are not following such practice and are purchasing the power from their group companies at quite higher price to enrich its own group company ultimately resulting into the higher tariff.

Response of MUPL

The Petitioner has submitted that it has followed competitive bidding to procure power at best lowest price. Accordingly, the Petitioner has tied up power of 50 MW under Long Term PPA with Adani Power Limited for the period of 25 years starting from 01.04.2016. The aforesaid PPA has been adopted by the Commission vide Order dated 11.06.2014 in petition no. 1393 of 2014.

Commission's View

The Commission has noted the response of the Petitioner. No such power source has been approved by the Commission whose PPA has not yet been approved by the concerned authority. Procurement of power through competitive bidding is being done by utilities following Ministry of Power, Government of India Guidelines.

13. UI charges not to be passed on to the consumers

The Objector has submitted that the Petitioner is required to provide the certificates from SLDC to substantiate its claim about UI charges. There is a very big span of tolerance of 12% plus or minus linear 24% for scheduling of power. If still distribution licensee has to pay UI charges cannot be passed on to the consumers in view of the

facts that distribution licensee is at default and inefficient to schedule power so as not to pay any UI charges.

Response of MUPL

The Petitioner has submitted that SLDC settles account of unscheduled interchange based on the GERC Regulation. The Petitioner has paid net energy charges @ Rs. 1.08 per unit under DSM to SLDC, which is lower than the weighted average variable charges @ Rs. 2.37 per unit to be paid by the Petitioner to the Generator as per LTPPA for FY 2016-17. The benefit acquired from DSM is included in total power purchase cost to workout actual ARR for FY 2016-17.

Commission's View

During prudence check of the submission from licensee, whenever required the Commission asks licensee to provide additional details and clarification. This time the Commission has placed all the additional information received from licensee in tariff determination exercise on the Commissions' website and made it available to all the stakeholders.

14. Cost records not provided

The Objector has submitted that the Petitioner has not provided the cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 along with Cost Audit Reports as contemplated in the MYT Regulations, 2011 and 2016. The Petitioner should be directed to provide the same.

Response of MUPL

The Petitioner has submitted that it is a co-developer of the Mundra SEZ and operated within SEZ area and therefore, Petitioner is exempted from Cost Audit as per Companies (Cost Records and Audit) Rules 2014. However, the Petitioner is ready to provide any financial details which the Commission may require.

Commission's View

The Commission has noted the response of the Petitioner.

15. Approval of the ARR for FY 2016-17 two times

The Objector has submitted that the Commission has approved the ARR for FY 2016-17 vide petition No.1556 of 2015 Order dated 31.03.2016 based on the second MYT control period and based on the parameters approved for FY 2015-16. The Commission has also approved the ARR for FY 2016-17 vide petition No.1631 of 2016 Order dated 31.03.2017.

There is no provision either in MYT Regulations, 2011 and 2016 or in Electricity Act, 2003 to approve the ARR for the same financial year of 2016-17 two times in view of the facts that ARR its self is the projected estimation of ARR of generator or licensee based on the past but best parameters achieved for each element of tariff. The sharing of gain and loss of controllable and uncontrollable elements is to be compared with the audited accounts of each head of elements. The approval of ARR is provisional and there is not provision in the MYT regime to approve provisional ARR and again approve second time provisional ARR in view of the facts that there is not provision in the MYT regulations or E.A.2003 as to with which approved ARR is to be compared with the actual incurred cost to arrive at the real gap or surplus. The Clause 24.3 of MYT Regulations, 2011 and 2016 does not allow to pass or carry forward the fuel cost and power purchase cost which is uncontrollable and is being recovered immediately under FPPPA formula already decided by the Commission. Therefore, the only difference of remaining controllable and uncontrollable factors are required to be compared with the approved value under MYT Order of the respective year. The difference should be within the narrow bandwidth say not be more than 0.05 to Rs.0.10 paisa per unit in view of the facts that generators or licensee is supposed to achieve the targeted approved parameters to reduce the price by bringing in the efficiency, by increasing the generation to bring down the fixed cost per unit and by sweating the machinery and people involved in it.

Response of MUPL

The Petitioner has submitted that as per the GERC (MYT) Regulations, 2016, the Petitioner has compared actual expenses of FY 2016-17 with ARR approved by the Commission vide Order dated 31.03.2017. The carrying cost is a legitimate expense which distribution license shall be allowed to recover. The carrying cost is allowed based on the financial principle that whenever the recovery of cost is deferred, the

financing of the gap in cash flow arranged by the distribution company from lenders/promoters/accruals is to be paid by way of carrying cost.

Further, the Petitioner has submitted that FPPPA charges are recovered from the customers on account deviation in power purchase cost from approved cost. The formula for calculation of FPPPA charges doesn't include expenses like Reactive Energy Charges, Deviation Settlement Charges, transmission charges, purchase of RECs for RPO compliance and other miscellaneous charges which are part of power purchase expenses. Also the FPPPA rate calculated for a particular quarter is used to recover charges in the succeeding quarter. Therefore, actual deviation from approved power purchase cost cannot be claimed by way of FPPPA Charges in totality and has to be claimed the time of true-up.

Commission's View

Tariff Policy provides that it is desirable that requisite tariff changes come into effect from the date of the commencement of each financial year. Accordingly, the Commission adopted ARR approved for FY 2015-16 as provisional ARR for determination of tariff for FY 2016-17. In Order to carry out truing up exercise for FY 2016-17, it is required to approve final ARR for FY 2016-17 with targeted/benchmarked controllable parameters. Accordingly, approval of ARR for FY 2016-17 was considered by the Commission in MYT Order. The deviation between the provisional ARR and final ARR is to be considered as uncontrollable.

16. High Distribution Loss

The Objector has submitted that the Distribution Loss is 3.81% against 4% approved which was on energy sale of 231.63 Mus. The reduction in distribution loss considering the small area is not significant.

Response of MUPL

The Petitioner has submitted that it has created basic EHV network for power distribution in certain area of SEZ considering N-1 redundancy at sub-station level. However, the development of SEZ was not as what it was envisaged in the beginning and therefore, utilization of network was sub-optimal. This has contributed to the technical losses which will be reduced with optimal utilization of installed

transformation capacity to transform power at various secondary voltage levels from primary voltage levels.

Commission's View

The Commission has noted the response of the Petitioner.

17. Increase in actual per unit purchase cost

The Objector has submitted that the Energy Requirement approved was 241.27 MUs considering 231.63 MUs of energy sale and 4% Distribution loss. The power purchase cost approved for 241.27 MUs is Rs.116.35 Crore comes to Rs.4.82/unit whereas approved power purchase with approved UI/DSM is 199.40 MUs and with UI/DSM of 16.91 MUs comes to 206.53 MUs power purchase quantum with power purchase cost of Rs.110.07 Crore comes to Rs.5.32/unit. The UI MUs approved is 9.78 MUs whereas actual UI is 16.91 MUs means 7.13 MUs is more than the approved value comes to Rs.3.79 Crore which should not be allowed to be passed on to the consumers.

Further, the Objector has submitted that the approved ARR is Rs.136.26 Crore for distribution of 231.63 MUs as energy sales comes to realization of Rs.5.88/unit whereas as per actual the ARR is Rs. 127.86 Crore for distribution of energy sale of 198.67 MUs comes to realization of Rs.6.43/unit. However, Petitioner is in short fall of Rs.6.98 Crore and comes with revenue gap of Rs.6.98 Crore for FY 2016-17. The revenue from sale of energy is shown as Rs.120.88 Crore against the ARR of Rs.127.86 Crore.

The Petitioner has shown gain of Rs.6.28 Crore on account of uncontrollable power purchase cost. In fact, there is no gain in view of the fact that the Commission has approved the energy requirement for sale of 231.63 MUs energy sale with 4% distribution loss which comes to Rs.4.82/Unit as power purchase cost whereas the Petitioner has shown the energy sale of 198.67 MUs energy sale with 3.81% distribution loss which comes to Rs.5.32/Unit. There is no reason mentioned by the Petitioner as to why the power purchase cost is high by Rs.0.50/unit. If the Petitioner has procured the energy at higher price than approved by the Commission, whether the approval of the Commission is obtained or otherwise. The Petitioner may be directed to justify the higher power purchase cost.

Response of MUPL

The Petitioner has submitted that the increase in actual per unit purchase cost for FY 2016-17 compared to what it has been approved during MYT, is attributable to lower demand due to slow development of SEZ on account of change in SEZ policy, lower load factor due to economic slowdown and RPO compliance of FY 2014-15, which are beyond the control of the distribution license and therefore, could not be mitigated.

The sum of contracted demand of all the consumers for FY 2016-17 is only 52MVA against 73 MVA which has been considered during MYT. The maximum demand of 38.27 MW and average demand of 23.58 MW with annual load factor of 62% have been observed during FY 2016-17. Accordingly, it is evident that the lower sales are due to lower addition of new load and lower utilization of existing load.

The Commission vide Order dated 31.12.2016 in the matter of Suo-Motu proceeding in Petition No. 1542 of 2015 and 1533 of 2015 has directed Petitioner to fulfil RPO of FY 2015 during FY 2016-17, over and above RPO target of FY 2016-17. Accordingly, Petitioner has purchased RECs worth of Rs. 2.60 Crore during FY 2016-17 against RPO of FY 2014-15.

The Commission has classified power purchase cost as uncontrollable as per para 23.1 (c) of the GERC (MYT) Regulations, 2016, which is applicable here for the true up of FY 2016-17.

Commission's View

The Commission has noted the response of the Petitioner. Detailed analysis of approved power purchase expenses is covered in chapter 4 of this Order.

18. Petitioner not able to get power at cheaper rate

The Objector has submitted that the parent company Adani Power Ltd. is supplying the power to GUVNL at the rate of Rs.2.35/unit. The group company MUPL is not able to get the power at cheaper or at least at the cost they supply to GUVNL. It seems some financial engineering to enrich its group company with tax saving

planning. The Commission may look into the matter in the wider interest of the national revenue.

Response of MUPL

The Petitioner has submitted that it had tied-up power of 50 MW under Long Term PPA with Adani Power Limited through competitive bidding route for the period of 25 years starting from 01.04.2016. The aforesaid PPA has been adopted by the Commission vide Order dated 11.06.2014 in Petition no. 1393 of 2014.

Commission's View

The Commission has noted the response of the Petitioner. Detailed analysis of approved power purchase expenses is covered in chapter 4 of this Order. The Commission has hosted the source-wise power purchase cost information as provided by the Petitioner on the GERC website and accordingly, same is made available to all the stakeholders.

19. Passing of gain or loss on account of power & fuel purchase cost not allowed

The Objector has submitted that the Clause24.3 of MYT Regulations, 2011 and 2016 does not allow to pass the gain or loss incurred on account of power and fuel purchase cost in view of the fact that the same is being recovered from the consumers immediately under the FPPPA formula decided by the Commission. There for the sharing of gain or loss on account of power purchase cannot be passed on to the consumers. The actual power purchase cost is required to be deducted from the revenue received from sale of energy and then after from the balance revenue the controllable and uncontrollable elements are required to be factored to arrive at the revenue gap/surplus.

Response of MUPL

The Petitioner has submitted that clause23.3 of the MYT Regulations, 2016 clearly mention about mechanism for pass through of gains or losses on account uncontrollable factors. The Commission has classified power purchase cost as uncontrollable as per para 23.1 (c) of the GERC (MYT) Regulations, 2016.Accordingly, the Petitioner has workout the sharing of loss / gain for the true up of FY 2016-17.

Commission's View

Regulation 23.3 of the GERC (MYT) Regulations provide that- Nothing contained in Regulations related to mechanism for pass through of gains or losses on account of uncontrollable factors 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**.

The Commission has consistently considered the gain or loss arising out of variation in the fuel and price of power purchase and its recovery during truing up exercise only and treated the same as uncontrollable. The same practice is required to be continued in view of the ceiling of recovery of FPPPA charges and some instances of deferment of FPPPA recovery from the consumers for the protection of consumers' interest.

20. Future consumers to not pay the past dues

The Objector has requested the Commission to look into this provision and decide accordingly in light of the facts that if the sharing of gain/loss is passed as revenue gap or surplus which is to be recovered in the tariff of subsequent years to come as per desire of the Commission, the future consumers who have not consumed the energy will have to pay the past dues for no reasons as they have not used the energy. The Apex court has also made this issue very clear that no future consumers should be burdened with the past dues of the licensee as they have not used the energy. The introduction of MYT frame work is designed to achieve this goal, however for some reasons the same is not achieved is a bad luck of the consumers.

The Petitioner has come with the total revenue gap of Rs.14.80 Crore up to 2016-17 including carrying cost calculated at the SBI bank interest. The Petitioner has also quoted the judgment of APTEL in case of Torrent Power Ltd. in support of its claim. In this regards, it is to mention that there is no regulation under which the carrying cost is to be recovered. However, to avoid the financial hardships to the distribution licensee, APTEL has applied the principle of economics and directed the Commission to allow the carrying cost. However, APTEL has also directed MUPL to submit the evidence of source of fund utilized to meet with the expenditure in support of such claim. In case of MUPL, it is still pending in absence of documents of funds utilized to

meet the revenue gap and the evidence of payment of interest distribution licensee has paid to the financial institution as an evidence.

Response of MUPL

The Petitioner has submitted that carrying cost is a legitimate expense which distribution license shall be allowed to recover. The carrying cost is allowed based on the financial principle that whenever the recovery of cost is deferred, the financing of the gap in cash flow arranged by the distribution company from lenders/promoters/accruals is to be paid by way of carrying cost has workout the sharing of loss / gain for the true up of FY 2016-17.

Commission's View

While determining retail tariff for the consumers, the Commission considers projected gap as well as consumers' interest and tries to avoid tariff shocks. Regulation 21.6 of the GERC (MYT) Regulations, 2016 provides for allowing the carrying cost at the weighted average State Bank Base Rare/ 1 year MCLR/ any replacement thereof.

.

4. Truing up for FY 2016-17

4.1 Introduction

This Chapter deals with the Truing up of FY 2016-17 of MUPL.

The Commission has analysed each of the components of the Aggregate Revenue Requirement (ARR) for FY 2016-17 in the following paragraphs.

4.2 Energy Sales

Petitioner's submission

MUPL has submitted the actual energy sales for FY 2016-17 as shown in the Table below.

Table 4-1: Energy sales submitted by MUPL for FY 2016-17

(MUs)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Energy Sales	231.63	198.67

MUPL has submitted that the deviation in energy sales is mainly because of variation in number of customers and their demand. Due to overall economic slowdown, the growth in the demand and sales was lower than what was projected.

Commission's analysis

As energy sales are uncontrollable, the Commission accepts the deviation submitted by MUPL.

The Commission has reviewed the above submissions and found them to be satisfactory. Accordingly, the energy sales for FY 2016-17 are approved as follows.

Table 4-2: Energy sales approved by the Commission for truing up for FY 2016-17

(MUs)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Energy Sales	231.63	198.67	198.67

The Commission approves energy sales of 198.67 MUs for truing up for FY 2016-17.

4.3 Distribution losses

Petitioner's submission

MUPL has submitted the actual distribution losses for FY 2016-17 as shown in the Table below.

Table 4-3: Distribution losses submitted by MUPL for FY 2016-17

(%)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Distribution losses	4.00%	3.81%

MUPL has submitted that it considers distribution losses as uncontrollable since it is attributed to technical losses of electrical network which is yet to be optimally loaded.

Commission's analysis

The distribution losses as claimed by MUPL at 3.81% is approved for the purpose of true-up for FY 2016-17. Any gain / loss on account of distribution losses is controllable as per the GERC (MYT) Regulations, 2016. However, the Petitioner has requested to consider the distribution losses as uncontrollable, which thereby benefit the consumers by way of sharing of 100% gain on account of lower distribution losses. Therefore, the distribution losses have been considered as uncontrollable for the purpose of sharing of gains/ losses for the present petition of FY 2016-17.

Table 4-4: Distribution losses approved by the Commission for truing up for FY 2016-17

(%)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Distribution losses	4.00%	3.81%	3.81%

The Commission approves distribution losses of 3.81% for truing up for FY 2016-17.

4.4 Energy requirement

Petitioner's submission

MUPL has projected the energy requirement based on actual energy sales and actual distribution and transmission losses.

Table 4-5: Energy requirement submitted by MUPL for FY 2016-17

(MUs)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Energy Sales	231.63	198.67
Distribution Losses (%)	4.00%	3.81%
Distribution Losses (MU)	9.65	7.86
Energy Requirement	241.28	206.53
Transmission Loss (%)	0.00%	0.00%
Transmission Loss (MU)	0.00	0.00
Total Energy Requirement	**241.28**	**206.53**

As per MUPL the quantum of UI power on account of deviation from schedule purchase has been accounted to the total energy procured as per the Table below.

Table 4-6: Energy availability for FY 2016-17

(MUs)

Particular	Approved	Actual
Long Term & Bilateral purchase	231.49	189.62
UI/DSM	9.78	16.91
Total energy available	**241.28**	**206.53**

Commission's analysis

Considering the foregoing submission related to energy sales and distribution losses, the Commission approves the energy requirement as submitted by MUPL. The Commission notes that the total energy units include the UI units. Further, most of the energy quantum has been procured through Adani Power Ltd.'s Mudra plant at MUPL's bus and hence no transmission losses are incurred in FY 2016-17.

Table 4-6.1: Energy requirement approved by the Commission for truing up for FY 2016-17

(MUs)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Energy Sales	231.63	198.67	198.67
Distribution Losses (%)	4.00%	3.81%	3.81%
Distribution Losses	9.65	7.86	7.86

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Energy Requirement	241.28	206.53	206.53
Transmission Loss (%)	0.00%	0.00%	0.00
Transmission Loss	0.00	0.00	0.00
Total Energy Requirement	**241.28**	**206.53**	**206.53**

The Commission approves total energy requirement of 206.53 MUs for truing up for FY 2016-17.

4.5 Power purchase cost

Petitioner's submission

MUPL has submitted the following power purchase cost.

Table 4-7: Power purchase cost submitted by MUPL for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Power purchase cost	111.81	103.75
Renewable Power Obligation Cost	4.54	6.32
Net Power purchase cost	**116.35**	**110.07**

MUPL has submitted the following justifications for the power purchase cost incurred:

- The variation in power purchase cost is on account of variation in sales and variation in actual cost with respect to base rate during the year which is uncontrollable.
- MUPL has fulfilled its RPO for FY 2016-17 by purchasing Renewable Energy Certificates (RECs) of Rs. 3.71 Crore.
- MUPL has also fulfilled its RPO for financial year 2014-15 by purchasing RECs of Rs 2.60 Crore during FY 2016-17, in view of the Order dated 31.12.2016 in Petition No. 1533 of 2015 and 1542 of 2015.

Commission's analysis

The Commission has analysed the power purchase cost in detail in terms of various sources of power, energy units procured and source-wise cost.

For satisfaction of its base load power requirement, MUPL has entered into a medium term power purchase arrangement with Adani Power Ltd. with contracted capacity of 50 MW for FY 2016-17 – the PPA has been approved by the Commission. The balance energy requirement has been met through Unscheduled Interchange (UI) which has been verified through SLDC reports.

The sources of power purchase and energy units procured are as presented below:

Table 4-8: Sources of power purchase and energy units procured approved by the Commission for truing up for FY 2016-17

(MUs)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
APL -LT	231.49	189.62	189.62
Bilateral Contract	-	-	-
RPO-Solar	-	-	-
RPO-Wind	-	-	-
RPO-Others	-	-	-
UI	9.78	16.91	16.91
Total	**241.27**	**206.53**	**206.53**

The power purchase cost as approved by the Commission is presented below.

Table 4-9: Source-wise power purchase cost approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
APL -LT	110.21	101.79	101.79
Bilateral Contract	0		
RPO-Solar	0		
RPO-Wind	0		
RPO-Others /REC	4.54	6.32	6.32
Other (Reactive, UI, SLDC & Transmission Charges)	1.60	1.96	1.96
Total	**116.35**	**110.07**	**110.07**

The Commission reviewed the audited accounts where the power purchase cost has been mentioned as Rs. 110.07 Crore. **Accordingly, the Commission approves total power purchase cost of Rs. 110.07 Crore for truing up for FY 2016-17.**

As per the GERC (MYT) Regulations, 2016 variation in the price of fuel and/ or price of power purchase are uncontrollable factors. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-10: Gains / (losses) on account of power purchase cost in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Total Power Purchase cost	116.35	110.07	6.28	0.00	6.28

4.6 Capital expenditure, capitalization and funding of capex

Petitioner's submission

MUPL has incurred gross capital expenditure of Rs 14.34 Crore against the approved capital expenditure of Rs. 5.86 Crore for FY 2016-17 as per the MYT Order dated 31.03.2017. MUPL has further stated that it has capitalized Rs. 2.10 Crore against approved capitalization of Rs. 1.29 Crore. Since the actual SLC received from the customers is Rs. 12.03 Crore, against the approved SLC of Rs. 2.67 Crore which is much higher than the capitalized amount and hence the Net Capitalization (Gross Capitalization – SLC) for FY 2016-17 is claimed as NIL. The following details have been submitted in respect of the capital expenditure incurred during FY 2016-17.

Table 4-11: Capital expenditure submitted by MUPL for FY 2016-17

(Rs. Lakh)

Sr. No.	Particulars	FY 2016-17			
		Capital Expenditure		Capitalization	
		Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
A	**EHV (220 kV & 66 kV)**				
	EHV Transmission line	0	12		
	EHV Transmission Cable	112	136	25	80
	EHV Substation	50	834	11	3
	Land Cost	0	0		
	Civil Cost	3	234	1	0
	Total	**164**	**1216**	**36**	**83**

Sr. No.	Particulars	FY 2016-17			
		Capital Expenditure		Capitalization	
		Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
B	**HT (33 kV & 11 kV) & NETWORK**				
	33 kV HT cable Network	0	0		
	11 kV HT cable Network	283	131	62	127
	33 / 11 kV HT Substation	0	10		
	Land Cost	0	0		
	Civil Cost	6	9	1	0
	Total	**288**	**150**	**63**	**127**
C	**Others**				
	Automation & SCADA	106	67	23	0
	Testing and Measuring Equipment	0	0		
	IT	28	0	6	0
	Meters & AMR	0	0		
	Miscellaneous	0	0		
	Buildings & other civil work	0	0		
	Total	**134**	**67**	**29**	**0**
D	**Gross CAPEX**	**586**	**1434**	**129**	**210**
	Less: SLC	0	0	267	1203
E	**Net CAPEX**	**586**	**1434**	**0**	**0**

The Petitioner submitted that the project of EHV Sub-substation was considered to start during Q1 of FY 2017-18 but it has been started during Q4 of FY 2016-17 and therefore, additional capital expenditure has been reflected in FY 2016-17.

Commission's analysis

The Commission observed that there is considerable variation in the capital expenditure/ capitalization approved for FY 2016-17 and actuals. However, as the reason for variation is starting of project of EHV sub-stations for FY 2017-18 in last quarter of FY 2016-17 as submitted by MUPL, the Commission accepts the submission of MUPL in this regard.

In terms of value submitted, the Commission has scrutinized the audited annual accounts for FY 2016-17 and observed that the actual capital expenditure works out to Rs. 14.34 Crore based on the values for capital works in progress and gross fixed assets added during the year as shown in Table below:

Table 4-12: Capex worked out by Commission for FY 2016-17

(Rs. Crore)

No.	Particulars	Value as per audited accounts
A	Opening CWIP	3.04
B	Closing CWIP	15.28
C	Gross Fixed Assets added	2.10
D	**Capex [C+(B-A)]**	**14.34**

Further, in terms of SLC, the Commission observes that as per audited accounts, a total sum of Rs. 12.03 Crore was received during the year from consumers against which MUPL has claimed only Rs. 2.10 Crore towards capitalization. On a query from the Commission in this regard, MUPL has submitted that the amount claimed under capitalization corresponding to the actual assets created using SLC money while the rest of the money is a CWIP which is yet to be capitalized. MUPL has also submitted additional details of the SLC account including opening and closing values, money received and money applied towards asset creation. The Commission has scrutinized this and verified the amount of SLC used towards asset creation. The Commission accepts the contention that SLC used towards asset creation should be considered while computing the funding of capex which is in line with the approach followed for capital expenditure and capitalization.

It is observed that during FY 2015-16, the Petitioner has received the SLC of Rs. 3.05 Crore and out of which it has utilised Rs. 1.03 Crore towards fixed assets. Thus during FY 2015-16, the Petitioner is left with un-utilized SLC of Rs. 2.02 Crore. Similarly, during FY 2016-17, the Petitioner has received the SLC of Rs. 12.03 Crore and out of which it has utilised Rs. 2.10 Crore towards fixed assets. Thus during FY 2016-17, the Petitioner is left with un-utilized SLC of Rs. 9.93 Crore.

The Petitioner shall utilize the un-utilized balance of SLC of Rs. 11.95 Crore (Rs. 2.02 Crore + Rs. 9.93 Crore) during FY 2017-18 and subsequent years towards capital expenditure.

Considering the foregoing analysis, the Commission has approved the following capex, capitalization and funding of capex.

Table 4-13: Capital expenditure, capitalization and funding of capex approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Capex	5.86	14.34	14.34
Capitalization	1.29	2.10	2.10
Less: SLC	2.67	12.03	12.03
Balance Capitalization	0.00	0.00	0.00
Normative Debt (70%)	0.00	0.00	0.00
Normative Equity (30%)	0.00	0.00	0.00

Thus, the Commission approves a capex of Rs. 14.34 Crore and net capitalization of Rs. 2.10 Crore after considering SLC of Rs.12.03 Crore, for truing up for FY 2016-17. The funding of capex is through Service Line Contribution (SLC) so the approved Normative Debt and Equity is NIL respectively.

4.7 Operations and Maintenance Expenses

Petitioner's submission

The Operations and Maintenance expenses comprise of the Employee cost, Administration & General expenses and Repairs and Maintenance expenditure. The actual Operations and Maintenance expenses furnished by MUPL are given in Table below.

Table 4-14: Operation and Maintenance expense submitted by MUPL for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Operation and Maintenance expense	9.07	7.52

MUPL has submitted that O&M expenses depend upon addition of new sub-stations and distribution system with development of SEZ area and addition of new SEZ units. Moreover, there are various challenges related to R&M of electrical network / system in coastal area like saline weather condition for system exposed to air and high water table for network below ground level. These are uncontrollable factors which lead to deviations in O&M expenses.

Commission's analysis

The Commission has verified the O&M expenses from the audited accounts. The Commission observes that MUPL has excluded an amount of Rs. 0.14 Crore towards CSR expenses from O&M expenses.

It is also observed that an amount of Rs. (0.05) Crore towards Re-measurement of Defined Benefit Plan has been shown in Profit and Loss account. In response to the Commission's query, the Petitioner vide email dated 05.02.2018 submitted that it has considered the effect of gain/loss of Re-measurement of Defined Benefits Plans for calculating the Employee Cost during FY 2016-17. This amount is incorporated in Note 24 of the financial statement under head "Salaries, Wages and Gratuity" which has to be read with Note 35(d).

With regard to Re-measurement of defined befit plan of Rs. (0.05) Crore, the Commission observed aforesaid amount has not been incorporated in employee cost shown at note 24 of financial statement. Therefore, the Commission has considered the impact of Rs. (0.05) Crore and accordingly the Commission has approved the employee cost of Rs. 2.36 Crore for FY 2016.-17. The Commission also verified the R&M Expenses and A&G Expenses from the annual accounts and found the same at par with what is claimed by the Petitioner. Accordingly, the Commission approves the following O&M expenses.

Table 4-15: Operation and Maintenance expense approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Employee expenses	3.09	2.41	2.36
Repairs & Maintenance expenses	1.74	0.91	0.91
Administration & General expenses	4.24	4.20	4.20
Total O&M expenses	**9.07**	**7.52**	**7.47**

The Commission approves O&M expenses of Rs. 7.52 Crore for truing up for FY 2016-17.

As per the GERC (MYT) Regulations, 2016 variation in the operations and maintenance expenses is a controllable factor. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-16: Gains / (losses) on account of O&M expenses in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
O&M expenses	9.07	7.47	1.60	1.60	

4.8 Depreciation

Petitioner's submission

MUPL has submitted the following details related to fixed assets and depreciation for the purpose of truing up for FY 2016-17.

Table 4-17: Depreciation expense submitted by MUPL for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Gross block at the beginning of the year	87.16	87.16
Addition during the year	1.30	2.10
Depreciation	**3.33**	**3.33**

MUPL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the Regulations. The Depreciation rates considered as per the GERC (MYT) Regulations, 2016.

Commission's analysis

With regard to gross fixed assets, the Commission observed that opening gross fixed assets as shown in annual audited accounts are different from gross fixed assets approved in last true up Order for FY 2015-16. The Petitioner clarified that the aforesaid difference in figures is due to change in accounting standard (Ind AS).

The Commission has considered the depreciation claimed by Petitioner for FY 2016-17 as per P&L Account. Accordingly, the Commission approves the gross fixed assets, addition during the year and depreciation for FY 2016-17 as shown in the Table below:

Table 4-18: Depreciation expense approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Actual submitted for 2016-17	Approved in truing up for 2016-17
Opening Gross Block	87.16	87.16
Less: SLC	17.19	17.19
Net Opening Block	69.97	69.97
Addition during the year	2.10	2.10
Less: SLC Addition during the year	12.03	12.03
Net Addition	0.00	0.00
Closing Net Block	69.97	69.97
Depreciation amount	**3.33**	**3.33**
Effective depreciation rate (%)	4.76%	4.76%

The Commission approves depreciation of Rs. 3.33 Crore for the purpose of truing up for FY 2016-17.

With regard to the computation of Gains / (Losses), Regulation 22.2 of the GERC (MYT) Regulations, 2016 considers variations in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of a 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 capitalisation, it cannot be attributed to the efficiency of the utility to allow one-third of gain to the utility. Similarly, if the loss is on account of higher capital expenditure and capitalisation due to bonafide reasons, the utility cannot be penalised by allowing only two-thirds of the loss in the ARR. Hence, the Commission considers the variation in capitalization as uncontrollable. This applies to debt and equity in allowing Gains / (Losses) on account of interest and return on equity too. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-19: Gains / (losses) on account of depreciation in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Depreciation	3.33	3.33	0.00	0.00	0.00

4.9 Interest and Finance Charges

Petitioner's submission

MUPL submitted that it has calculated the interest expense on the basis of actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. It is further submitted that it has availed a normative term loan for the period of 5 Year and has paid the interest amount to the bank at weighted average interest rate of 11.62% during FY 2016-17.

MUPL has submitted the following details in respect of interest and finance charges.

Table 4-20: Interest and finance charges submitted by MUPL for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Interest on normative loan		
Opening loans	31.69	31.68
Addition	0.00	0.00
Less: Repayment	3.33	3.33
Closing loan	28.36	28.35
Average loan	30.02	30.01
Rate of interest (%)	11.65%	11.62%
Interest on normative loan	**3.50**	**3.49**
Bank & finance charges	0.12	0.00
Total interest and finance charges	**3.62**	**3.49**

Commission's analysis

The Commission has verified the normative loan opening value with the normative closing loan value approved in truing up of FY 2015-16. The loan addition has been considered in line with the normative loan addition approved in the discussion on capitalization. The repayment has been equated to net value of depreciation.

In terms of the interest rate, the Commission observes that MUPL has claimed 11.62% which is verified from the details submitted by the Petitioner. Accordingly, the Commission accepts MUPL's claim in this regard.

The bank and finance charges have been cross checked with the audited accounts. The Commission observes that the Petitioner has not incurred any expense under this head.

Based on the foregoing analysis, the Commission's approves the Interest & Finance Charges of Rs. 3.49 Crore as shown in the Table below:

Table 4-21: Interest and finance charges approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Interest on normative loan			
Opening loan	31.69	31.68	31.69
Addition	0.00	0.00	0.00
Less: Repayment	3.33	3.33	3.33
Closing loan	28.36	28.35	28.36
Average loan	30.02	30.01	30.02
Rate of interest (%)	11.65%	11.62%	11.62%
Interest on normative loan	**3.50**	**3.49**	**3.49**
Bank & finance charges	0.12	0.00	0.00
Total interest and finance charges	**3.62**	**3.49**	**3.49**

The Commission approves interest and finance charges at Rs. 3.49 Crore for truing up for FY 2016-17.

As noted in the preceding section, the Commission is of the view that the parameters which affect interest and finance charges should be treated as uncontrollable. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-22: Gains / (losses) on account of interest and finance charges in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Interest and finance charges	3.62	3.49	0.13	0.00	0.13

4.10 Interest on Working Capital

Petitioner's submission

MUPL has submitted the following details regarding interest on working capital.

Table 4-23: Interest on working capital submitted by MUPL for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Working capital requirement		
O&M Expenses	0.76	0.63
Spares at 1% of GFA	0.87	0.87
Receivables	11.23	10.07
Sub-total	**12.86**	**11.57**
Less: security deposit	2.43	2.64
Normative Working Capital	**10.43**	**8.93**
Interest rate (%)	11.70%	11.31%
Interest on working capital	**1.22**	**1.01**

The working capital computed as per the GERC (MYT) Regulations, 2016 works out to be Rs. 8.93 Crore. As per the corrigendum filed dated 10th January 2018, MUPL has submitted that interest on working capital has been considered as per weighted average of 1 year SBI Marginal Cost of Fund Based Lending Rate (MCLR) for FY 2016-17 plus 250 basis points as per the GERC (MYT) Regulations, 2016.

Commission's analysis

The Commission has reviewed the working capital requirement in terms of the component wise values approved in preceding sections.

With regard to rate of interest on working capital, the Commission vide notification no. 7 of 2016 dated 2nd December, 2016 has amended its Regulation 40.4 (b) of the GERC (MYT) Regulations, 2016 as given under:

Interest shall be allowed at a rate equal to the State Bank Base Rate (SBBR) / 1 year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable as on 1st April of the financial year in which the petition is filed plus 250 basis points:

Provided that at the time of truing up for any year, interest on working capital shall be allowed at a rate equal to the weighted average State Bank Base Rate (SBBR) / 1 year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) / any replacement thereof by SBI for the time being in effect applicable for 1 year

period, as may be applicable prevailing during the financial year plus 250 basis points.

In line with the above proviso to Regulation 40.4 (b), the Commission has considered the weighted average of 1 year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.81% prevailing during the financial year 2016-17 plus 250 basis points. Accordingly, the rate of interest on working capital worked out to be 11.31%.

Table 4-24: Interest on working capital approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Working capital requirement			
O&M Expenses (1 month)	0.76	0.63	0.62
Spares (1% of GFA)	0.87	0.87	0.87
Receivables (1 month of revenue at existing tariffs)	11.23	10.07	10.07
Sub-total	**12.86**	**11.57**	**11.57**
Less: security deposit	2.43	2.64	2.64
Normative Working Capital	**10.43**	**8.93**	**8.93**
Interest rate	11.70%	11.31%	11.31%
Interest on working capital	**1.22**	**1.01**	**1.01**

The Commission approves interest on working capital at Rs. 1.01 Crore for truing up for FY 2016-17.

The Commission considers the Interest on working capital as uncontrollable, since the components forming part of the working capital are mostly uncontrollable. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-25: Gains / (losses) on account of interest on working capital in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Interest on working capital	1.22	1.01	0.21	0.00	0.21

4.11 Interest on Security Deposit

Petitioner's submission

MUPL has submitted that the contribution to security deposit depends upon the addition of new consumers & their load growth from time to time as projected in ARR Petition for FY 2016-17. Moreover, the bulk consumers opt to give Bank Guaranty (BG) instead of cash deposit in case of amount of security deposit more than Rs. 25 Lakh.

MUPL further submitted that as per RBI circular no. RBI/2015-16/194 dated 29.09.2015, the bank rate was 7.75%. Thus, the amount of interest on security deposit was paid to the consumers at bank rate applicable on 01.04.2016 as per Table below

Table 4-26: Interest on Security Deposit submitted by MUPL for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Security Deposit	2.43	2.27
Interest cost	0.19	0.16

Commission's analysis

The Commission has verified from the audited accounts that the opening and closing values of security deposit are Rs. 3.00 Crore and Rs. 2.27 Crore respectively, leading to an average deposit value of Rs. 2.64 Crore. However, the actual interest paid as per audited accounts is found to be Rs. 0.16 Crore. Accordingly, the Commission approves this value as per actuals.

Table 4-27: Interest on security deposit approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Average deposit	2.43	2.27	2.64
Interest on security deposit	0.19	0.16	0.16

The Commission approves interest on security deposit at Rs. 0.16 Crore for truing up for FY 2016-17.

The factor which affects security deposit is the number of consumers. As per the GERC (MYT) Regulations, 2016 variation in the number of consumers is an uncontrollable factor. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-28: Gains / (losses) on account of interest on security deposit in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Interest on security deposit	0.19	0.16	0.03	0.00	0.03

4.12 Return on Equity

Petitioner's submission

MUPL has submitted the following details with regard to return on equity:

Table 4-29: Return on Equity submitted by MUPL for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17
Opening Equity	20.95	20.95
Addition	0.00	0.00
Closing Equity	20.95	20.95
Average Equity	20.95	20.95
RoE at 14%	2.93	2.93

MUPL has submitted that the equity additions for FY 2016-17 have been determined based on the capitalisation during the year. The equity additions in the year have been considered as 30% of the amount of net capitalization during the year. The Return on equity has been computed by applying the rate of 14% on the average of the opening and closing balance of the FY 2016-17 as per the Regulation 37 of the GERC (MYT) Regulations, 2016.

Commission's analysis

The Commission approves return on equity as given in the Table below:

Table 4-30: Return on Equity approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Actual submitted for 2016-17	Approved in truing up for 2016-17
Opening Equity	20.95	20.95	20.95
Addition	0.00	0.00	0.00
Closing Equity	20.95	20.95	20.95
Average Equity	20.95	20.95	20.95
RoE at 14%	2.93	2.93	2.93

The Commission approves return on equity at Rs. 2.93 Crore for truing up for FY 2016-17.

The Commission is of the view that Return on Equity depends on the amount of capitalisation during the financial year and that the parameters affecting the capitalisation are uncontrollable in nature, as noted in preceding sections. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-31: Gains / (losses) on account of return on equity in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Return on Equity	2.93	2.93	0.00	0.00	0.00

4.13 Income tax

Petitioner's submission

MUPL has submitted that it has paid Rs. 0.10 Crore income tax for FY 2016-17. Accordingly, it has claimed Rs.0.10 Crore against NIL approved in MYT Order dated 31.03.2017.

Commission's analysis

The Commission has verified the income tax claim of Rs. 0.10 Crore from the audited accounts as well as from the income tax challans filed by the Petitioner.

Accordingly, the Commission approves income tax at Rs. 0.10 Crore for truing up for FY 2016-17.

As per the GERC (MYT) Regulations, 2016 variation in the taxes on income is an uncontrollable factor. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-32: Gains / (losses) on account of income tax in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Income tax	0.00	0.10	0.10	0.00	(0.10)

4.14 Contingency reserve

Petitioner's submission

MUPL has submitted that it has not contributed to the contingency reserve during FY 2016-17 against NIL value approved in the MYT Order dated 31.03.2017. Accordingly, it has not claimed any amount under this head.

Commission's analysis

The Commission approves contribution to contingency reserve at Rs. 0.00 Crore for truing up for FY 2016-17.

The Commission considers variation in the contribution to contingency reserve as an uncontrollable factor. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-33: Gains / (losses) on account of contribution to contingency reserve in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Contingency reserve	0.00	0.00	0.00	0.00	0.00

4.15 Non-tariff income

Petitioner's submission

MUPL has submitted that the Commission had approved the non-tariff income of Rs. 0.45 Crore in MYT Order dated 31.03.2017. As per the corrigendum dated 10th January, 2018, MUPL has submitted that as per the GERC (MYT) Regulations, 2016 for computing the non-tariff income for FY 2016-17, delayed payment charges and interest/dividend earned from investment made out of return of equity corresponding to power supply business shall not be included in the Non-Tariff Income and accordingly, claimed Rs. 0.08 Crore as Non-Tariff Income.

Commission's analysis

The Commission has verified the breakup of Non-tariff income from the annual accounts. It is observed that the non-tariff income as per audited accounts is Rs. 0.78 Crore. The Petitioner has excluded Rs. 0.07 Crore towards delayed surcharge and Rs. 0.64 Crore towards interest/dividend income from investment made out of return on equity corresponding to power supply business.

Accordingly, the Commission approves non-tariff income of Rs. 0.08 Crore for truing up for FY 2016-17.

The Commission considers variation in the non-tariff income as an uncontrollable factor. Accordingly, the Commission has approved the gains / (losses) as shown in the Table below:

Table 4-34: Gains / (losses) on account of non-tariff income in the Truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved in the MYT Order for 2016-17	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Non-tariff income	0.45	0.08	0.37	0.00	0.37

4.16 Revenue from sale of power to consumers

MUPL has claimed a revenue of Rs. 120.88 Crore from sale of power to consumers in FY 2016-17. The Commission observes that the revenue as per audited accounts is Rs. 120.88 Crore.

Accordingly, the Commission approves a revenue of Rs. 120.88 Crore from sale of power to consumers for truing up for FY 2016-17.

4.17 Summary of aggregate revenue requirement and sharing of gains/ losses

Petitioner's submission

MUPL has submitted the comparison of various ARR items and computed the gains/ losses due to controllable and uncontrollable factors as summarized below:

Table 4-35: Controllable & uncontrollable variations for FY 2016-17 as submitted by MUPL

(Rs. Crore)

Sr. No.	Particulars	True-Up Year (FY 2016-17)				
		MYT Order	Claimed	Over(+)/ under(-) Recovery	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Power Purchase Expenses	116.35	110.07	6.28		6.28
2	Operation & Maintenance Expenses	9.07	7.52	1.55		1.55
3	Depreciation	3.33	3.33	0.00		0.00
4	Interest & Finance Charges	3.62	3.49	0.13		0.13
5	Interest on Security Deposit	0.19	0.16	0.03		0.03
6	Interest on Working Capital	1.22	1.01	0.21		0.21
7	Bad Debts Written Off	0.00	0.00	0.00		0.00
8	Contribution to Contingency Reserves	0.00	0.00	0.00		0.00
9	Return on Equity	2.93	2.93	0.00		0.00
10	Income Tax	0.00	0.10	-0.10		-0.10
11	Aggregate Revenue Requirement	136.71	128.60	8.11	0.00	8.11
12	Less: Non-Tariff Income	0.45	0.08	0.37		0.37
13	**Aggregate Revenue Requirement**	**136.26**	**128.53**	**7.73**	**0.00**	**7.73**

MUPL has identified all the expenditure heads under controllable and uncontrollable categories. The gains / (losses) arise as a result of true up for FY 2016-17 for MUPL and shall be suitably passed through the tariff as per mechanism specified by the Commission. The variation in the power purchase cost from approved ARR is on

account of variation in sales and variation in actual cost. Any variation on account of power procurement cost is treated as uncontrollable. The variation in O&M expenses are treated as uncontrollable. The variations in interest on Long Term Loan, interest on Security Deposit, interest on Working Capital, Income Tax and non-tariff income have been treated as uncontrollable.

Based on the above, the sharing of gains and losses due to controllable & uncontrollable factors is summarized below.

Table 4-36: Sharing of gains & losses for FY 2016-17 as submitted by Petitioner

(Rs. Crore)

Particulars	Pass through by adjustment of tariff	To be retained/ absorbed	Total
Controllable gain	0.00	0.00	0.00
Uncontrollable gain	7.73	0.00	7.73
Total	**7.73**	**0.00**	**7.73**

As per the above Table, total gain of Rs. 7.73 Crore shall be passed through to the consumers.

Following is the summary of trued up ARR of 2016-17 to be recovered by MUPL after incorporation of sharing of gains / losses

Table 4-37: Trued up ARR for FY 2016-17 as submitted by MUPL

(Rs. Crore)

Sr. No.	Particular	Claimed
1	**Approved As per MYT (A)**	**136.26**
2	Less: Gain on account of controllable factor to be passed on to the consumers (1/3) (B)	0.00
3	Less: Gain on account of Un-controllable factor to be passed on to the consumers (C)	7.73
4	**ARR trued up of FY 2016-17, D= (A-B-C)**	**128.53**

Commission's analysis

The Commission reviewed the performance of MUPL under Regulation 21 of the GERC (MYT) Regulations, 2016 with reference to the Audited Annual Accounts for FY 2016-17. The Commission has computed the sharing of gains and losses for FY 2016-17 based on the truing up for each of the components discussed in the above paragraphs. The ARR approved for FY 2016-17 in the MYT Order dated 31st March,

2017 and computed in accordance with the GERC (MYT) Regulations, 2016 are given in the Table below:

Table 4-38: ARR approved for FY 2016-17 along with impact of controllable/ uncontrollable factors

(Rs. Crore)

Sr. No.	Particulars	MYT Order	Claimed	Approved	Controllable (gain/(loss))	Uncontrollable (gain/(loss))
1	Power Purchase Expenses	116.35	110.07	110.07		6.28
2	Operation & Maintenance Expenses	9.07	7.52	7.47	1.60	
3	Depreciation	3.33	3.33	3.33		0.00
4	Interest & Finance Charges	3.62	3.49	3.49		0.13
5	Interest on Security Deposit	0.19	0.16	0.16		0.03
6	Interest on Working Capital	1.22	1.01	1.01		0.21
7	Bad Debts Written Off	0.00	0.00	0.00		0.00
8	Contribution to Contingency Reserves	0.00	0.00	0.00		0.00
9	**Total Revenue Expenditure**	**133.78**	**125.58**	**125.52**	**1.60**	**6.66**
10	Return on Equity Capital	2.93	2.93	2.93		0.00
11	Income Tax	0.00	0.10	0.10		-0.10
12	**Aggregate Revenue Requirement**	**136.71**	**128.60**	**128.56**	**1.60**	**6.55**
13	Less: Non-Tariff Income	0.45	0.08	0.08		0.38
14	Aggregate Revenue Requirement	**136.26**	**128.53**	**128.48**	**1.60**	**6.18**

Summary of trued up ARR of FY 2016-17 to be recovered by MUPL after incorporation of sharing of Gains/ Losses is as detailed in Table below:

Table 4-39: Trued up ARR for FY 2016-17

(Rs. Crore)

Sr. No.	Particular	Approved
1	**Approved As per MYT (A)**	**136.26**
2	Less: Gain on account of controllable factor to be passed on to the consumers (1/3) (B)	0.53
3	Less: Gain on account of Un-controllable factor to be passed on to the consumers (C)	6.18
4	**ARR trued up of FY 2016-17, D= (A-B-C)**	**129.55**

4.18 Net revenue Gap / (Surplus)

The Net revenue Gap / (Surplus) approved for FY 2016-17 is given in the Table below:

Table 4-40: Net revenue Gap / (Surplus) approved for FY 2016-17

(Rs. Crore)

Particulars	Actual submitted for 2016-17	Approved in truing up for 2016-17
1. Annual Revenue Requirement (Trued up)	128.53	129.55
2. Revenue from Sale of Power	120.88	120.88
3. Net Revenue Gap / (Surplus) (2-1)	7.65	8.67

Accordingly, the Commission approves the trued up gap of FY 2016-17 as Rs. 8.67 Crore against Rs. 7.65 Crore gap claimed by MUPL. This trued up gap is considered by the Commission for determination of tariff for FY 2018-19.

5. Determination of Tariff for FY 2018-19

This Chapter deals with the determination of revenue gap/surplus, as well as consumer tariff for FY 2018-19.

The Commission has considered the ARR approved in the MYT Order dated 31th March, 2017 for FY 2018-19 and the adjustment on account of True-up for FY 2016-17, while determining the revenue gap/surplus for FY 2018-19.

5.1 Approved ARR for FY 2018-19

The Table below summarises the Annual Revenue Requirement, as approved by the Commission for FY 2018-19 in the MYT Order dated 31st March, 2017.

Table 5.1: Approved ARR for MUPL FY 2018-19

(Rs. Crore)

Particulars	2018-19
Power purchase cost	231.24
O&M expenses	10.14
Depreciation	3.84
Interest on LT loans and Finance charges	2.87
Interest on security deposits	0.19
Interest on Working capital	2.65
Return on Equity	2.97
Contribution to Contingency Reserves	0.00
Income tax	0.00
Less: Non-tariff income	0.45
ARR	**253.45**

5.2 Revenue at existing tariff and gap/ (surplus) analysis

Petitioner's submission

MUPL has claimed carrying cost on past revenue gap/ (surplus) and justified the same by stating that recovery of such carrying cost is legitimate expenditure of the distribution companies. The carrying cost is allowed based on the financial principle that whenever the recovery of cost is deferred, the financing of the gap in cash flow

arranged by the distribution company from lenders/ promoters/ accruals is to be paid by way of carrying cost.

MUPL has stated that the revenue surplus of FY 2014-15 to calculate carrying cost for FY 2015-16 and FY 2016-17 was Rs. (2.15) Crore. The carrying cost of same, works out to be Rs. (0.43) Crore as per the interest rate @ 10.00% as per MYT Regulations, 2016.

The carrying costs on revenue gap of Rs. 5.07 Crore for FY 2016-17 (after adjustment of aforesaid surplus of Rs. 2.15 Crore and carrying cost on it of Rs. 0.43 Crore from gap of Rs. 7.65 Crore claimed by the Petitioner) at interest rate @ 7.95%, works out to be Rs. 0.81 Crore for FY 2017-18 & FY 2018-19.

MUPL has projected revenue for FY 2018-19 at existing tariff of Rs. 279.09 Crore as against an estimated projected ARR of Rs. 253.45 Crore. Thus, consolidated projected revenue surplus up to FY 2018-19 would be Rs. (19.76) Crore as mentioned in the below Table:

Table 5-2: Revenue gap / (surplus) with existing tariff for FY 2018-19 as submitted by MUPL

(Rs. Crore)

Sr. No.	Particulars	Claimed
1	ARR for FY 2018-19 [a]	253.45
2	Consolidated Revenue gap up to FY 2016-17 with carrying cost [b]	5.07
3	Add: Carrying Cost on revenue gap of FY 2016-17 for FY 2017-18 and FY 2018-19	0.81
4	**Revenue from existing tariff for FY 2018-19 [c]**	**279.09**
5	**Revenue Gap / (Surplus) in FY 2018-19 [d=(a+b)-c]**	**(19.76)**

Commission's analysis

The Commission has gone through the merits of the Petition and determined the various components of the tariff in this order and accordingly the Commission has independently worked out the ARR as well as revenue for MUPL for FY 2018-19, as shown in the table below:

Table 5-3: Approved revenue gap / (surplus) of MUPL for FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	Claimed	Approved
1	ARR for FY 2018-19 [a]	253.45	253.45
2	Revenue from existing tariff for FY 2018-19 [b]	279.09	279.09
3	Revenue Gap / (Surplus) in FY 2018-19 [c=(a-b)	(25.64)	(25.64)

Treatment of Carrying Cost

In the current tariff proceedings on truing up for FY 2016-17, the Commission examined the carrying cost of Rs. 0.81 Crore as claimed by MUPL vis-à-vis provisions of the current MYT Regulations. Regulation 21.6 (c) of the GERC (MYT) Regulations, 2016 provides that:

> *"Carrying cost to be allowed on the amount of Revenue Gap or Revenue Surplus for the period from the date on which such gap/surplus has become due, i.e., from the end of the year for which true-up has been done, till the end of the year in which it is addressed, calculated <u>on simple interest basis at the weighted average State Bank Base Rate (SBBR) / 1 year State Bank of India (SBI) Marginal Cost of Funds Bused Lending Rate (MCLR)</u> / any replacement thereof by SBI for the time being in effect applicable for 1 year period, as may be applicable for the relevant year, i.e. the year for which Revenue Gap or Revenue Surplus is determined:*
>
> *Provided that carrying cost on the amount of revenue gap shall be allowed up to the above limit subject to prudence check and submission of documentary evidence for having incurred the carrying cost in the years prior to the year in which the revenue gap is addressed:"*

MUPL incorporated carrying cost on net revenue gap of Rs. 5.07 Crore of FY 2016-17 for FY 2017-18 at weighted average 1 year SBI Marginal Cost of Funds Based Lending Rate (MCLR) for the period Apr 17 to Jan 18 i.e. 7.98% and for the period of FY 2018-19 at current 1 year SBI MCLR @ 7.95%.

In view of above Regulation and considering inflow of funds through borrowings in excess of capex as also the time value of money, the Commission allows Rs. 1.15 Crore as carrying cost for FY 2016-17 at a simple interest rate of 8.81% weighted average rate of 1 year SBI MCLR for FY 2016-17 for 2 years i.e. FY 2017-18 and FY 2018-19, to be claimed in the ARR of FY 2018-19.

Considering the foregoing analysis, the Commission now computes the consolidated gap/ (surplus) for FY 2018-19 which includes surpluses/gap of FY 2018-19 and FY 2016-17, as follows:

Table 5-4: Revenue gap / (surplus) with existing tariff for FY 2018-19 as approved by Commission

(Rs. Crore)

Sr. No.	Particulars	Approved
1	ARR for FY 2018-19	253.45
2	Add: Approved Gap/(Surplus) for FY 2014-15	(2.15)
3	Add: Revenue gap up to FY 2016-17	8.67
4	Add: Carrying Cost on revenue gap of FY 2016-17 for FY 2017-18 and FY 2018-19	1.15
5	**Less: Revenue from existing tariff for FY 2018-19**	279.09
6	**Revenue Gap / (Surplus) in FY 2018-19**	**(17.97)**

6. Compliance of Directives

6.1 Existing directives

The Commission had issued following directives in the tariff Order dated 31.03.2017 in case no. 1631 of 2016 and its compliance as filed by the Petitioner is follows:

Directive No. 1: Interest cost reduction

MUPL 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. MUPL shall furnish quarterly progress report about the action taken and results thereof.

Compliance submitted by MUPL

The MUPL has submitted compliance report to the Commission vide letter no. MUPL/GERC/Directive/FY2017-18/29112017 dated 29.11.2017

Commission View:

The Commission has noted the Petitioner's response. MUPL has submitted that after deliberations at various levels, RBL agreed to reduce interest rate from 11.40% to 10.25% which is effective for 30.09.2017. MUPL should continue to submit quarterly progress report about the latest status.

7. Fuel and Power Purchase Price Adjustment

7.1 Fuel and Power Purchase Price Adjustment

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

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 MUPL applicable for a particular quarter or actual weighted average in Transmission and Distribution losses (%) for four DISCOMs / GUVNL and MUPL of the previous year for which true-up have been done by the Commission, whichever is lower.

7.2 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total power purchase cost for MUPL including fixed cost, variable cost, etc. from the various sources for FY 2018-19 in this Order, as given in the Table below:

Table 7-1: Energy requirement and power purchase cost approved by the Commission for FY 2018-19

Year	Total energy requirement (MUs)	Approved power purchase cost (Rs Crore)	Power purchase cost per unit (Rs/kWh)
2018-19	566.13	231.24	4.08

As mentioned above the base Power Purchase cost for MUPL is **Rs. 4.08 per kWh** and the base FPPPA charge is NIL.

MUPL 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 above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on website of MUPL.

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.

8. Wheeling charges and Cross Subsidy Surcharge

8.1 Wheeling charges

Regulation 91 of the GERC (MYT) Regulations, 2016, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has reviewed submission of MUPL in this regard and accordingly determined the wheeling charges at HT and LT levels, for long term (LT), medium term (MT) and short term (ST) open access consumers.

Petitioner's submission

MUPL has allocated the total ARR expenditure of MUPL to wire and retail supply business considering the following allocation matrix:

Table 8-1: Allocation matrix for segregation to wire and retail supply business submitted by MUPL for FY 2018-19

(%)

No.	Particulars	Wire business	Retail Supply business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100
10	Income Tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
13	Non-Tariff income	10	90

On the basis of the above allocation matrix, MUPL segregated total ARR of MUPL supply area into ARR for wire and retail supply business as shown below:

Table 8-2: Allocation matrix for segregation to wire and retail supply business submitted by MUPL for FY 2018-19

(Rs. Crore)

No.	Particulars	Wire business	Retail Supply business
1	Power Purchase Expenses	-	231.24
2	**O&M Expenses**	**6.19**	**3.95**
2.1	Employee Expenses	2.08	1.38
2.2	Administration and General Expenses	1.75	0.19
2.3	Repairs and Maintenance Expenses	2.37	2.37
3	Depreciation	3.46	0.38
4	Interest on Long Term Loan Capital	2.58	0.29
5	Interest on Security Deposit	0.02	0.17
6	Interest on Working Capital	0.27	2.39
7	Provision for Bad Debts	-	-
8	Contingency Reserve	-	-
9	Income Tax	-	-
10	**Revenue Expenditure**	**12.52**	**238.41**
11	Return on Equity	2.67	0.30
12	Less: Non-Tariff income	0.05	0.41
13	**ARR**	**15.15**	**238.30**

a. ARR of wire business: Rs. 15.15 Crore

b. ARR of retail supply business: Rs. 238.30 Crore

The above segregated ARR has been considered to determine the wheeling charges.

Determination of Wheeling Charges

Due to difficulties in segregating costs at HT and LT level, the ARR for wire business, MUPL has proposed to apportion the cost between the HT and LT level in proportion to the ratio of their GFA. The HT level assets were further proposed to be segregated between HT and LT voltage levels as per peak load of the MUPL Supply Area.

It is submitted by MUPL that:

- The GFA of MUPL at the end of FY 2016-17 is Rs. 89.26 Crore. The GFA identified for HT & LT voltage levels are Rs. 89.05 Crore & Rs. 0.21 Crore, respectively. The ratio of HT assets to LT assets is 99.80:0.20, which is considered for the apportionment of ARR for the wire business into HT and LT voltage levels.

- Further as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak.

- The system peak demand for MUPL for the year FY 2016-17 was 73.73 MW. In case of MUPL, the contract demand for HT and LT consumers is 50.955 MVA and 1.451 MVA respectively. Assuming that 98% of the contact demand of HT consumers contributes to the system peak demand, the total demand of HT contributing to the system peak is computed as 71.69 MW and the peak demand of LT is 2.04 MW.

- To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charge determined has been tabulated below:

Table 8-3: Wheeling charges for FY 2018-19 as submitted by MUPL

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	14.73
LT Voltage	0.42
Total	15.15
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	14.32
LT Voltage	0.83
Total	15.15
Wheeling Charge in Rs/ kW/ month (For LT & MT OA Consumers)	
HT Voltage	166.45
LT Voltage	337.65
Wheeling Charges in Rs. / kWh (For ST OA Consumers)	
HT Voltage	0.27
LT Voltage	3.00

MUPL has further stated that an Open Access consumer will also have to bear the following wheeling losses in kind in addition to the wheeling charges as mentioned above.

Table 8-4: Wheeling losses of FY 2018-19 as submitted by MUPL

(%)

Particulars	Wheeling losses
HT Category	4.00%
LT Category	7.00%

Commission's analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharge, has considered the allocation matrix between the wires and retail supply business as per the GERC (MYT) Regulations, 2016. The allocation matrix and the basis of allocation of various cost components of the ARR as per the GERC (MYT) Regulations, 2016 are shown below:

Table 8-5: Allocation matrix for segregation to wire and retail supply business as per the GERC (MYT) Regulations, 2016

(%)

No.	Particulars	Wire business	Retail Supply business
1	Power Purchase Expenses	0	100
2	Intra-State Transmission Charges	0	100
3	Employee Expenses	60	40
4	Administration and General Expenses	50	50
5	Repairs and Maintenance Expenses	90	10
6	Depreciation	90	10
7	Interest on Long Term Loan Capital	90	10
8	Interest on Working Capital and Consumer Security Deposit	10	90
9	Bad Debt Written Off	0	100
10	Income tax	90	10
11	Contribution to Contingency Reserve	100	0
12	Return on Equity	90	10
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 8-6: Segregation between wires and retail supply business ARR as approved by the Commission for FY 2018-19

(Rs. Crore)

No.	Particulars	Total ARR (Rs. Crore)	Wires ARR (Rs. Crore)	Retail supply ARR (Rs. Crore)
1	Power Purchase Cost	**231.24**	0.00	231.24
2	Employee Expenses	3.46	2.08	1.38
3	R&M Expenses	1.94	1.75	0.19
4	A&G Expenses	4.74	2.37	2.37
5	Depreciation	3.84	3.46	0.38
6	Interest on LT Loans and Finance Charges	2.87	2.58	0.29
7	Interest on Security Deposits	0.19	0.02	0.17
8	Interest on Working capital	2.65	0.27	2.39
9	Return on Equity	2.97	2.67	0.30
10	Contribution to Contingency Reserves	0.00	0.00	0.00
11	Income tax	0.00	0.00	0.00
12	Less: Non-tariff Income	0.45	0.04	0.40
13	**ARR**	**253.45**	**15.14**	**238.31**

The above allocations of ARR are used for determination of wheeling charges and cross subsidy surcharge for FY 2018-19.

The Commission considered the proposal of MUPL for apportionment of ARR between HT and LT voltage level, which is also in tune with the judgement of the APTEL in Appeal no 32 of 2012. The Commission has observed that MUPL has used contract demand and peak demand figures of FY 2016-17 for computing the wheeling charges which the Commission has now corrected to FY 2018-19. Based on the above, the wheeling charges in cash are approved as given in the Table below:

Table 8-7: Wheeling charges for FY 2018-19 as approved by the Commission

Particulars	Wheeling charge
First Level Segregation of ARR (in Rs. Crore)	
HT Voltage	15.02
LT Voltage	0.12
Total	15.14
Second Level Segregation of ARR (in Rs. Crore)	
HT Voltage	14.90
LT Voltage	0.24
Total	15.14
Wheeling Charge in Rs/ kW/ month (For LT & MT OA Consumers)	
HT Voltage	**169.75**
LT Voltage	**341.25**

Particulars	Wheeling charge
Wheeling Charges in Rs. / kWh (For ST OA Consumers)	
HT Voltage	**0.28**
LT Voltage	**0.81**

The Open Access consumer will also have to bear the following losses in addition to the wheeling charges.

Table 8-8: Wheeling losses of FY 2018-19 as approved by the Commission

(%)

Particulars	Wheeling losses
HT Category	4.00%
LT Category	7.00%

8.2 Cross Subsidy Surcharge

Petitioner's submission

MUPL has submitted that it has computed the cross subsidy surcharge based on the formula used by the Commission in its Order dated 31.03.2016, as shown below:

S = T- {C / (1 - L/100) + D}

Where:

S is the Surcharge

T is the Tariff payable by the relevant category of consumers

C is the weighted average power purchase cost of top 5% at the margin excluding liquid fuel based generation and renewable power.

L is the system loss for the applicable voltage level, express as a percentage

D is the wheeling loss

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

Table 8-9: Cross subsidy surcharge submitted by MUPL for FY 2018-19

(Rs. /kWh)

No.	Particulars	HT Category
1	T	5.18
2	C	4.08
3	D	0.27
4	L (%)	4.00%
5	**S**	**0.66**

Commission's analysis

The 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 issued the National 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 8-10: Cross subsidy surcharge approved by the Commission for FY 2018-19

(Rs./kWh)

No.	Particulars	HT Category
1	T	5.18
2	C	4.08
3	D	0.28
4	L (%)	4.00%
5	**S**	**0.65**

S = 5.18 – [4.08/(1-4/100) + 0.28 + 0.00]

= 0.65 Rs/kWh

Thus, Cross Subsidy Surcharge as per Tariff Policy, 2016 works out to Rs. 0.65/unit.

9. Tariff philosophy and Tariff proposals

9.1 Introduction

This Chapter discusses MUPL's tariff proposal and changes suggested in tariff structure and provides the Commission's final decision on the same.

9.2 MUPL's tariff proposals and changes in tariff structure

MUPL submitted the projected Revenue Surplus of FY 2018-19 with existing tariff for projected sales of 539.07 MUs after adjustment of accumulated revenue gap of FY 2016-17 including carrying cost of Rs. 19.76 Crore.

MUPL proposes to introduce two new tariff categories i.e. HTMD-3 and HTMD-4. Detail of these categories are as below:

- **HTMD-3**: This tariff category shall be applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above at single point for consumption within HT Residential Complexes. viz., Group Housing Societies. Colonies of industrial consumers and educational institutions, Government and Private Pure Residential Housing Colonies. Government and Private Mix (Residential + Commercial) Housing Colonies and Commercial Complexes only.

- **HTMD-4:** This tariff category 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 run by Local Authorities / Developer / Co-developer.

9.3 Commission's analysis

The Commission has noted that some of the stakeholders have suggested modification in retail tariff schedule. The details of proposal and suggestions considered by the Commission is given here below:

1. Meter Rent

The State owned Distribution Licensees have proposed merging of meter charges with the fixed charges/ demand charges. Some of the stakeholders have repeatedly suggested to abolish meter rent from the electricity bill.

At present Meter Rent is being collected by the Distribution Licensee in accordance with the Gujarat Electricity Regulatory Commission (Licensee's Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005.

In view of the proposal of the State owned Distribution Licensees, representations of the stakeholders and in exercise of the powers conferred under the aforesaid Regulations, the Commission decides to abolish Meter Charges of the consumers of MUPL effective from 1st April 2018.

2. Tariff for Electric Vehicle (EV) charging facilities

The Commission is also aware about initiative taken by the Government to encourage use of electric vehicles. One of the challenges in this regard is identified as lack of EV charging infrastructure. The Commission would like to clarify that the consumers getting electricity supply under regular tariff categories may use electricity supply for EV charging under same consumer category.

Further, in order to promote creation of new EV charging facilities, the Commission decides to introduce special tariff category for exclusive EV Charging infrastructure with Fixed Charges of Rs. 25 per month per installation and Energy Charges of Rs. 3.05 per kWh for LT consumers and Fixed Charges of Rs. 25 per kVA per month and Energy Charges of Rs. 3.00 per kWh for HT consumers. Such consumers also required to pay the FPPPA charges as applicable from time to time.

The Commission also notes that the Petitioner has not proposed any changes in the Tariff Rates, however the Petitioner has proposed to introduce two categories i.e. HTMD-III and HTMD-IV as defined in the aforesaid paras. The Commission considers the proposal of the Petitioner regarding introduction of two new tariff categories i.e.

HTMD-III and HTMD-IV. However as regards HTMD-III category, the Commission decides to modify the description in line with the Electricity [Removal of Difficulties] (Eighth) Order, 2005 dated 9th June, 2005 issued by Ministry of Power, Government of India. Accordingly, the Commission makes the required changes in the Tariff Structure.

In view of the above referred modifications, it is estimated that the revenue of MUPL will be affected, which will be duly considered by the Commission in the truing up exercise.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for MPSEZ Utilities Pvt. Ltd. (MUPL) for FY 2018-19, as shown in the Table below:

(Rs. Crore)

Particulars	2018-19
Power purchase cost	231.24
O&M expenses	10.14
Depreciation	3.84
Interest on LT loans and Finance charges	2.87
Interest on security deposits	0.19
Interest on Working capital	2.65
Return on Equity	2.97
Contribution to Contingency Reserves	0.00
Income tax	0.00
Less: Non-tariff income	0.45
ARR	**253.45**

The retail supply tariffs for MUPL for FY 2018-19 determined by the Commission are annexed to this Order. This Order shall come into force with effect from 1st April, 2018. The rate shall be applicable for the electricity consumption from 1st April, 2018 onwards.

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

Place: Gandhinagar

Date: 05/04/2018

ANNEXURE: TARIFF SCHEDULE

Tariff Schedule for Adani Ports and SEZ Ltd License area of MPSEZ Utilities Pvt. Ltd.

Effective from 1st April, 2018

General Conditions

1. This tariff schedule is applicable to all the consumers of MUPL in License area of Mundra SEZ.

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

3. The energy bills shall be paid by the consumer within 10 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date of bill to the date of payment of bill.

4. 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.

5. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, except Meter Charges, will continue to apply.

6. The charges specified in the tariff are on monthly basis, MUPL shall adjust the rates according to billing period applicable to consumer.

7. Conversion of Ratings of electrical appliances and equipment 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.

8. 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.

9. 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. Contract Demand shall mean the maximum KVA for the supply which MUPL undertakes to provide facilities to the consumer from time to time.

12. For computation of Fixed charges, they will be computed on 85 % of Contact Demand at Unity Power Factor or Actual whichever is higher on monthly basis

13. Maximum Demand in a month means the highest value of average KVA delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.

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. The levy of penal charge is in addition to other rights of MPSEZ Utilities Private Limited under the provisions of the Electricity Act, 2003 and Regulations notified there under.

15. The Fixed charges, Minimum charges, Demand charges 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.

16. The 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.

17. These rates are exclusive of Electricity Duty, Tax on sale of electricity, Customs duty, Taxes and other charges levied / may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk / retail supplies from time to time in which are payable by consumers, in addition to the charges levied as per the tariff.

18. 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 MUPL shall be entitled to take any other action deemed necessary and authorized under the Act.

19. Prompt payment discount on the total bill excluding all types of levies, duties or taxes levied by the Government or any other competent authorities 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

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

(230 VOLTS- SINGLE PHASE, 400 VOLTS- THREE PHASE, 50 HERTZ)

1. RATE: Residential

This tariff is applicable to services for lights, fans and domestic appliances for heating, cooling, cooking, cleaning and refrigeration purposes, general load and motive power in residential premises.

1.1. FIXED CHARGE

(a)	Single Phase Supply	Rs. 30 per month per installation
(b)	Three Phase Supply	Rs. 45 per month per installation

1.2. ENERGY CHARGE

(i)	First 250 units consumed per month	320 Paisa per Unit
(ii)	Remaining units consumed per month	370 Paisa per Unit

1.3. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above.

2. RATE: Commercial (Non Demand)

This tariff is applicable to services for lights, fans and appliances for heating, cooling cooking, cleaning and refrigeration purposes, general load and motive power in premises other than those requiring the power supply for the purposes not specified in any other LT categories, up to 6 kVA of connected load.

2.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per month per installation

2.2. ENERGY CHARGE

(i)	First 150 units consumed per month	370 Paisa per Unit
(ii)	Remaining units consumed per month	395 Paisa per Unit

2.3. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

3. RATE: Commercial (Demand)

This tariff is applicable to lights, fans and appliances for heating, cooling, cooking, cleaning and refrigeration purposes, general load and motive power in premises other than those requiring the power supply for the purposes not specified in any other LT categories, having connected load of 6 kVA and above.

3.1. FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor or six KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paisa per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paisa per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

3.2 ENERGY CHARGE

A flat rate of	270 Paisa per Unit

3.3. POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90%	Rebate of

to 95%	0.15 Paisa per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paisa per Unit

B) Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paisa per Unit

3.4. MINIMUM BILL

Payment of fixed charges as specified in 3.1 above.

4. RATE: Industrial (Non Demand)

This tariff is applicable up to 6 kVA of connected load in industrial premises (as defined under the Bombay Electricity Duty Act, 1958).

4.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per Month per installation

4.2. ENERGY CHARGE

(i)	First 150 units consumed per month	345 Paisa per Unit
(ii)	Remaining units consumed per month	370 Paisa per Unit

4.3. MINIMUM BILL

Payment of fixed charges as specified in 4.1 above.

5. RATE: Industrial (Demand)

This tariff is applicable to 6 KVA and above of connected load in industrial premises (as defined under the Bombay Electricity Duty Act, 1958), water works and pumping services operated by Local Authorities.

5.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor or six KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paisa per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paisa per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

5.2 ENERGY CHARGE

A flat rate of	270 Paisa per Unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paisa per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paisa per Unit

B) Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paisa per Unit

5.4. MINIMUM BILL

Payment of fixed charges as specified in 5.1 above.

6. <u>RATE: Street Lights</u>

Applicable to lighting systems for illumination of public roads.

6.1. ENERGY CHARGE

A flat rate of	320 Paise per Unit

7. RATE: Temporary

This tariff is applicable to installations for temporary requirement of electricity supply. A Consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

7.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand.

7.2 ENERGY CHARGE

A flat rate of	345 Paise per unit

7.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

7.4. MINIMUM BILL

Payment of fixed charges as specified in 7.1 above.

8. RATE: LT - Electric Vehicle (EV) Charging Stations

This tariff is applicable to consumers who use electricity **EXCLUSIVELY** for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. Residential, Commercial, Industrial, etc.

8.1 FIXED CHARGE

Rs. 25 per month per installation

PLUS

8.2 ENERGY CHARGE

Energy Charge	305 Paise per Unit

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

(11000 VOLTS AND ABOVE - THREE PHASE, 50 HERTZ)

9. RATE: HTMD - 1

This tariff is applicable for supply of energy to High Tension consumers contracting for maximum demand of 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 FIXED CHARGE

A) For the Billing Demand of customer having

a. Contract demand up to 500 kVA

Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor or one hundred KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

b. Contract demand above 500 kVA

Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor whichever is higher on monthly basis at 100% load factor	110 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

a. Contract demand up to 500 kVA

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

b. Contract demand above 500 kVA

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	150 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA.

9.2 ENERGY CHARGE

For entire consumption during the month	
up to 500 kVA of the contract demand	310 Paise per unit
Above 500 kVA of the contract demand	350 Paise per unit

9.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

9.4 REBATE FOR SUPPLY AT EHV

Sl. No.	On Energy Charges	Rebate @
1	If supply is availed at 11 KV	0.0%
2	If supply is availed at 33 KV	1.0%
3	If supply is availed at 66 KV and above	2.0%

9.5. MINIMUM BILL

Payment of fixed charges as specified in 9.1 above.

10. RATE: HTMD -II

This tariff is Applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above 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.

10.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f or Actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred kVA	100 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	150 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA

10.2 ENERGY CHARGE

A flat rate of	445 Paise per unit

10.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average Power Factor during the Billing period exceeds 90%

For each 1% improvement in the Power Factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the Power Factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average Power Factor during the Billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

10.4 REBATE FOR SUPPLY AT EHV

Sl. No.	On Energy Charges	Rebate @
1	If supply is availed at 11 KV	0.0%

Sl. No.	On Energy Charges	Rebate @
2	If supply is availed at 33 KV	1.0%
3	If supply is availed at 66 KV and above	2.0%

10.5. MINIMUM BILL

Payment of fixed charges as specified in 10.1 above.

11. RATE: HTMD – III

This tariff is applicable for supply of energy to High Tension consumers, contracting for maximum demand of 100 kVA and above, for residential purposes and availing supply at single point by a Cooperative Group Housing Society for making electricity available to the members of Cooperative Society in the same premises.

11.1 FIXED CHARGE

A) For billing demand up to and including the contract demand

Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred KVA	75 Paise per Unit

B) For billing demand in excess of the contract demand

Computed on billing demand in excess of contract demand on monthly basis at 100% Load Factor	125 Paise per Unit

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

i. Actual maximum demand at monthly average p.f. established during the month OR
ii. Eighty – five percent of the contract demand at u.p.f OR
iii. One hundred kVA at u.p.f.

11.2 ENERGY CHARGE

A flat rate of	270 Paise per unit

11.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average power factor during the billing period exceeds 90%

For each 1% improvement in the power factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the power factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average power factor during the billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

11.4 Rebate for Supply at EHV

On Energy Charges		Rebate @
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

***Note**: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.*

11.5 MINIMUM BILL

Payment of fixed charges as specified in 11.1 above.

12. RATE: HTMD - IV

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 run by Local Authorities / Developer / Co-developer.

12.1 FIXED CHARGE

A) For billing demand up to and including the contract demand

Computed on 85 % of contract demand at u.p.f and 100 % load factor or actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred KVA	75 Paise per Unit

B) For billing demand in excess of the contract demand

Computed on billing demand in excess of contract demand on monthly basis at 100% Load Factor	125 Paise per Unit

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

i. Actual maximum demand at monthly average p.f. established during the month OR
ii. Eighty – five percent of the contract demand at u.p.f OR
iii. One hundred kVA at u.p.f.

12.2 ENERGY CHARGE

A flat rate of	270 Paise per unit

12.3 POWER FACTOR ADJUSTMENT CHARGE

A) Where the average power factor during the billing period exceeds 90%

For each 1% improvement in the power factor from 90% to 95%	Rebate of 0.15 Paise per Unit
For each 1% improvement in the power factor above 95%	Rebate of 0.27 Paise per Unit

B) Where the average power factor during the billing period is below 90%

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit

12.4 Rebate for Supply at EHV

On Energy Charges		Rebate @
1	If supply is availed at 11 kV	0.0 %
2	If supply is availed at 33 kV	1.0 %
3	If supply is availed at 66 kV and above	2.0 %

***Note**: The above rebate will be applicable only on monthly basis and consumer with arrears shall not be eligible for the above rate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.*

12.5 MINIMUM BILL

Payment of fixed charges as specified in 12.1 above.

13. RATE: HT - Electric Vehicle (EV) Charging Stations

This tariff is applicable to consumers who use electricity **EXCLUSIVELY** for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. HTMD-I, HTMD-II, HTMD-III & HTMD-IV.

13.1 FIXED CHARGE

For billing demand up to contract demand	Rs. 25 per kVA per month
For billing demand in excess of contract demand	Rs. 50 per kVA per month

PLUS

13.2 ENERGY CHARGE

Energy Charge	300 Paise per Unit