

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2014-15,
Approval of Provisional ARR for FY 2016-17 and
Determination of Tariff for FY 2016-17

For

**Paschim Gujarat Vij Company Limited
(PGVCL)**

Case No. 1550 of 2015

31st March, 2016

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**GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)**

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2011-12 to FY 2016-17
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MTR	Mid-term Review
MUs	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations and Maintenance
p.a.	per annum
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
RLDC	Regional Load Despatch Centre
SBI	State Bank of India
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre



Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1550 of 2015

Date of the Order: 31/03/2016

CORAM

Shri K. M. Shringarpure, Member

Shri P. J. Thakkar, Member

ORDER

1. Background and Brief History

1.1 Background

Pursuant to the Commission's Order dated 2nd December, 2015 in the Suo Motu Petition No. 1534 of 2015, Paschim Gujarat Vij Company Limited (hereinafter referred to as PGVCL, or Petitioner) has filed its petition on 8th December, 2015 under Section 62 of the Electricity Act, 2003, read in conjunction with the applicable Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011 for True-up for FY 2014-15, and determination of Tariff for FY 2016-17.

The Commission admitted the petition on 17th December, 2015 as Case No. 1550/2015.



1.2 Paschim Gujarat Vij Company Limited (PGVCL)

Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies. The seven successor companies are listed below

Generation Gujarat State Electricity Corporation Limited (GSECL)

Transmission Gujarat Energy Transmission Corporation Limited (GETCO)

Distribution Companies:

Sl. No.	Name of Company
1	Dakshin Gujarat Vij Company Limited (DGVCL)
2	Madhya Gujarat Vij Company Limited (MGVCL)
3	Uttar Gujarat Vij Company Limited (UGVCL)
4	Paschim Gujarat Vij Company Limited (PGVCL)

Gujarat Urja Vikas Nigam Limited (GUVNL), a holding company of the above named 6 subsidiary companies responsible for purchase of electricity from various sources and supply to Distribution Companies and also other activities including trading of electricity.

Government of Gujarat, vide notification dated 3rd October, 2006, notified the final opening balance sheets of the transferee companies as on 1st April, 2005. The value of assets and liabilities, which stand transferred from the erstwhile Gujarat Electricity Board to the transferee companies, include Paschim Gujarat Vij Company Limited (PGVCL). Assets and liabilities (gross block, loans and equity), as on the date mentioned in the notification, have been considered by the Commission in line with the Financial Restructuring Plan (FRP), as approved by Government of Gujarat.

1.3 Commission's Orders for the second Control period

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



The Commission, in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in that behalf, and after taking into consideration the submissions made by PGVCL, the objections by various stakeholders, response of PGVCL, issues raised during public hearing and all other relevant material, issued the Multi-Year tariff order on 6th September, 2011 for the control period from FY 2011-12 to FY 2015-16 based on the GERC (MYT) Regulations, 2011.

The Commission issued the order for truing up for FY 2010-11 and determination of Tariff for FY 2012-13 on 2nd June, 2012.

The Commission issued the order for truing up for FY 2011-12 and determination for Tariff for FY 2013-14 on 16th April 2013.

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

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

The Commission in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in that behalf and after taking into consideration the submissions made by PGVCL, the objections raised by various stakeholders, response of PGVCL, issues raised during public hearing and all other relevant material, approved the revised ARR for FY 2014-15 and FY 2016-17 in the Mid-term Review of Business Plan for PGVCL on 29th April, 2014.

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

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

1.5 Back ground for the present Petition

The Commission in its order dated 2nd December, 2015, in the Suo Motu Petition No. 1534/2015 has decided that the approved ARR of FY 2015-16 of the licensees /



generating companies concerned be considered as provisional ARR of the licensees / generating companies for FY 2016-17.

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

PGVCL has accordingly filed a petition for True-Up for FY 2014-15 and approval of provisional Tariff for FY 2016-17 with the Commission for approval.

1.6 Admission of the current petition and public hearing process

PGVCL submitted the current petition for 'truing up' of FY 2014-15 and determination of tariff for FY 2016-17 on 8th December, 2015. The Commission admitted the petition (Case No. 1550/2015) on 17th December, 2015.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed PGVCL to publish its application in the abridged form to ensure public participation. The public notice, inviting objections / suggestions from its stakeholders on the petition, was published in the following newspapers on 23rd December, 2015.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	The Indian Express	English	23/12/2015
2	Sandesh	Gujarati	23/12/2015

The Petitioner has also placed the public notice and the petition on its website for inviting objections and suggestions on the petition.

The interested parties / stakeholders were asked to file their objections / suggestions on the petition on or before 22nd January, 2016.

The Commission received objections / suggestions from 13 consumer / consumer organizations. The Commission examined the objections / suggestions received and scheduled a public hearing for PGVCL on 12th February, 2016 at the Commission's Office at Gandhinagar and subsequently a communication was sent



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to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in Commission's Office in Gandhinagar on the above date.

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

Sl. No.	Name of Stakeholders	Participated in the Public Hearing
1.	New Kandla Salt & Chemical Co. P. Ltd.	No
2.	Gujarat Granito Manufacturer's Association	Yes
3.	FOKIA - Federation of Kutch Industries Associations	Yes
4.	Bhavnagar Induction Furnace Development Association	Yes
5.	Sihor Steel Rerolling Mills Association	Yes
6.	The Kutch Salt & Allied Industries Ltd.	No
7.	Shri Vijay Patel	No
8.	Shri H.J. Patel	No
9.	Consumer Education and Research Society (CERS)	Yes
10.	Indus Towers	Yes
11.	Laghu Udyog Bharati - Gujarat	Yes
12.	Utility Users' Welfare Association (UUWA)	Yes
13.	Gujarat Chamber of Commerce & Industry	Yes

Apart from above, Shri Amarsinh Chavda was also present during the hearing and submitted his objections / suggestions.

Main issues raised by the objectors in the submissions with respect to the petition along with the response of PGVCL and the Commission's views on the response are given in Chapter 3.

1.7 Contents of this order

The order is divided into nine chapters:

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



7. The **seventh** chapter deals with wheeling charges and cross-subsidy surcharge.
8. The **eighth** chapter deals with compliance of directives and issue of fresh directives.
9. The **ninth** chapter deals with the tariff philosophy and tariff proposals for FY 2016-17.

1.8 Approach of this Order

PGVCL has approached the Commission with the present petition for 'Truing up' for the FY 2014-15 and determination of tariff for the FY 2016-17.

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

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

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

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



2. A Summary of PGVCL's Petition

Paschim Gujarat Vij Company Limited (PGVCL) submitted the details of True-up for FY 2014-15 and revenue estimates for FY 2016-17 on 8th December, 2015.

2.1 Actuals for FY 2014-15 Submitted by PGVCL

The details of expenses under various components of ARR for FY 2014-15 are given in Table below:

Table 2.1: Actuals Submitted by PGVCL for FY 2014-15

Sl. No.	Particulars	Approved in MTR order	(Rs. Crore) Claimed in truing up
1	Power Purchase Cost	8,399.90	9,217.17
2	Operations and Maintenance expenses	389.28	512.69
2.1	Employee Cost	531.74	578.02
2.2	Repairs and Maintenance Expenses	78.70	106.06
2.3	Administration and General Expenses	108.69	106.63
2.4	Other Debts	3.71	52.54
2.5	Extraordinary Items	-	-
2.6	Net Prior Period Expenses/ Income	-	0.32
2.7	Other Expenses capitalised	(333.56)	(330.89)
3	Depreciation	493.25	500.67
4	Interest on Loans	310.45	310.84
5	Interest on working capital	-	-
6	Bad debts written off	2.14	24.27
7	Return on equity	317.45	320.71
8	Income Tax	15.00	8.75
9	Total expenditure	9,927.47	10,895.10
10	Less: Non-Tariff income	273.19	295.36
11	Aggregate Revenue Requirement	9,654.28	10,599.74

2.2 Summary of projected revenue gap for FY 2016-17

Table below summarises the Aggregate Revenue Requirement projected in the Mid-term Review of the Business Plan, the total revenue with existing tariff and the proposed gap for FY 2016-17.

Table 2.2: ARR, Revenue and Gap for FY 2016-17

Sl. No.	Particulars	(Rs. Crore) FY 2016-17
1	Aggregate Revenue Requirement	10,613.80
2	Revenue Gap from True-up of FY 2014-15	54.52
3	Recovery of past year True-Up gap/(surplus) for FY 2009-10	(147.48)
4	Recovery of past year True-Up gap/(surplus) for FY 2010-11	133.00
5	DSM Programme Expenditure	40.00
6	Total Aggregate Revenue Requirement (1 to 5)	10,693.84
7	Revenue with Existing Tariff	7,730.38



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Sl. No.	Particulars	FY 2016-17
8	FPPPA Charges @ 120 paisa/kWh	2,403.36
9	Other Income (Consumer related)	221.00
10	Agriculture Subsidy	436.00
11	Total Revenue including subsidy (7 to 10)	10,790.74
12	Gap / (Surplus) (6 - 11)	(96.89)

Considering the methodology adopted by the Commission to consider the current revenue gap/(surplus) as provisional and a fresh ARR for FY 2016-17 need to be submitted after the notification of new MYT Regulations, no tariff revision is provisionally proposed for FY 2016-17.

2.3 PGVCL's request to the Commission:

1. To admit this petition seeking True-up of FY 2014-15 & Determination of Provisional ARR and Tariff for FY 2016-17.
2. To approve the True-up for FY 2014-15 and allow sharing of gains/losses with the Consumers as per sharing mechanism prescribed in the MYT Regulations, 2011.
3. To consider approved True-Up parameters & ARR of GSECL, GETCO and SLDC while finalizing Tariff of the Petitioner.
4. Pass suitable orders for implementation of Tariff Proposal for FY 2016-17 for making it applicable from 1st April, 2016 onwards.
5. To approve the terms and conditions of Tariff and various other matters as proposed in this petition and proposed changes therein.
6. To allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
7. To grant any other relief as the Commission may consider appropriate.
8. Pass any other Order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.



3. Brief outline of objections raised, response from PGVCL and the Commission's View

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

In response to the public notice, inviting objections / suggestions of the stakeholders on the petitions filed by DISCOMs for truing up of FY 2014-15 and determination of tariff for FY 2016-17, a number of consumers / consumer organisations filed their objections / suggestions. Some of these objectors participated in the public hearing also. Some of the objections are general in nature and some are specific to the proposals submitted by the petitioner for approval of True-up for FY 2014-15 and ARR and Tariff revision for FY 2016-17. It is also noted that many of the objections/ suggestions are common to all the four DISCOMs and some are specific to the concerned DISCOM. The objections / suggestions are segregated into two groups viz. common to all DISCOMs and specific to concerned DISCOM. The Commission has, therefore, addressed the objections / suggestions issue-wise rather than objector- wise.

3.1 Suggestions/Objections Common to all DISCOMs

Issue 1: Bi-monthly reading for residential consumers of all DISCOMs

Shri Vijay Patel has stated that GERC gives tariff schedule as per monthly usage of electric units. GERC gives unit slab price per monthly usage. DISCOMs take reading at every two months and makes bill every two months. So consumers get wrong energy charges. He requested to give order for two months' slab for residential consumers so that they can easily calculate the electricity bill.

Response of DISCOMs

The Commission specifies the tariff of various consumer categories on monthly basis. Distribution Licensee bills to the consumers either on monthly basis or bi-monthly basis. In case of the consumers being billed on monthly basis, tariff rates as decided by the Commission are applied and in case of the consumers being billed on bi-monthly basis, tariff rates specified on monthly basis are adjusted accordingly. For instance, energy charge determined for the consumption slab up to 50 units of consumption, in case of consumers being billed on bi-monthly basis the same energy



charge as determined for consumption up to 50 units is applied for 100 units of consumption.

Commission's Observation

The Commission has given Tariff schedule for billing on monthly basis. If any DISCOM bills on bio-monthly basis the billing is adjusted for monthly billing as explained by DISCOM. It may not make any difference in billing as per approved Tariff.

Issue 2: Streamlining of LTMD Tariff in all DISCOMs

Shri H J Patel has stated that in all DISCOMs of Gujarat, Clause 5.0 Rate: LTMD of tariff schedule is applicable to the services for the premises having aggregate load above 40 KW and up to 100 KW. Whereas in Torrent Power Ltd., Surat it is applicable to the premises having connected load above 15 KW & up to 100 KVA and TPL, Ahmadabad connected load above 15 KW & up to 100 KW.

Moreover, in Torrent Power Ltd., Surat the billing demand is considered as KVA instead of KW in case of LTMD category. Billing Demand in KVA is helpful in P.F. management. If consumer fails to maintain P.F. he has to pay more demand charges as KVA will be recorded more at lower P.F. It is requested that the Commission may streamline the LTMD tariff in all DISCOMs and TPL, Ahmedabad at par with Torrent Power Ltd., Surat, as far as fixed charge & billing demand range/slab are concerned for better P.F. management and avoid the above discrepancy in LTMD tariff within the same state of Gujarat in next tariff order.

Response of DISCOMs

The respondent represented to shift the base for recovery of "Demand Charges" for LTMD tariff category from "KW" to "KVA" and accordingly Company has proposed in the present petition to shift the base for computation of "Demand Charges" with no change in the rates as no change in tariff for any of the consumer category is proposed.

Commission's Observation

The suggestion of the stakeholder will be examined and appropriate decision will be taken.



Issue 3: Recovery of actual infrastructure cost instead of fixed kW based charges

Shri H J Patel has requested the Commission to allow the DISCOMs to recover actual infrastructure cost instead of KW based fixed Charges along with normal Service Connections Charges as per prevailing cost data to avoid tariff burden on existing consumer. This will help to avoid injustice to all the existing consumers and new incoming consumers as they will pay as per work involved to cater the power supply and to restrict the hike in tariff rate to some extent.

Response of DISCOMs

As regards to recovery of charges from LT & HT consumers, it is to submit that the company recovers the charges from LT category applicants / consumers as approved by the Commission and from HT category applicants / consumers as per the relevant provisions of regulations notified by the Commission.

Commission's observation

The issue raised by the objector is not the subject matter of the present petition.

Issue 4: Separate Tariff for each DISCOM

M/s Consumer Education and Research Society (CERS) has stated that it has been demanding separate tariff for each Distribution Company of Gujarat based on its performance. It is strange that four State Owned DISCOMs have single tariff in Gujarat while two private Distribution Companies have separate tariff for each DISCOM at Ahmedabad and Surat. The Respondent objects to cross subsidizing of finance among four DISCOMs and benefits of good performing DISCOMs are not transferred to its consumers. The other disadvantage being poor performing DISCOMs are not ready to improve their performance since they are allowed to purchase power at cheaper rates.

DGVCL with best performance has to purchase power at highest rate compared to PGVCL whose performance is poorest in purchasing power at cheaper rate.

The Respondent requested the Commission to have common yardstick for Government owned DISCOMs and private DISCOMs in the interest of consumers.



Moreover, separate tariff for each DISCOM will generate competition in distribution sector of Gujarat and consumers will be benefited.

Response of DISCOMs

Uniform retail supply tariff for all four DISCOMs (Unbundled entities of erstwhile GEB) has been envisaged so that consumers in the similar categories in the State could have similar tariff and there may not be any discrimination between the consumers, which is also the objective of EA 2003.

The four Distribution Companies are incorporated on the basis of zonal configuration. It is submitted that since 80% - 90% of the total cost incurred by DISCOMs is for Power Purchase, the same plays a major role in determining the ARR as well as Gap / (Surplus) for the DISCOM for a particular year. Since, the consumer profile and consumption profiles are different in the four Distribution Companies; the revenue earning capabilities of each of the DISCOMs differs resulting in different Annual Revenue Requirement. Therefore, it is necessary to build a mechanism in the projections to bring them to a level playing field. This is proposed to be achieved by differential Bulk Supply Tariff (BST) to each of the DISCOMs which is approved by the Commission. In this way, it becomes possible to ensure uniform retail consumer tariffs in the four DISCOMs.

Moreover, performance of all the Distribution Companies is monitored by the Commission and accordingly Distributions Loss is approved by the Commission.

Commission's observation

Response of DISCOMs explains the circumstances under which the uniform tariffs are adopted for all four DISCOMs.

Issue 5: Un-metered Agricultural Consumption

M/s Consumer Education and Research Society (CERS) has stated that even after a period of eight years the distribution companies have failed to install meters for agriculture sector where more than 50% consumption is still un-metered. The Commission has also failed to implement Section 55(1) of Electricity Act which states that no electricity consumption should be un-metered after 31.12.2007. Hardly 30% agricultural consumption is through meters.



The respondent requested the Commission to direct all four Petitioners to install meters in agriculture sector within one year or before 31.03.2017.

Response of DISCOMs

Since 2001, no new connection is released without meter. Moreover, following the provisions of CEA Regulations, only Static meters are procured and provided now, DISCOMs replace the old electromechanical meter with the Electronic / Static meter and thus, DISCOMs take effective steps for increasing the metering efficiency. As on date 45171 (DGVCL), 25909 (MGVCL) 1.54 Lakh (UGVCL) and 2.59 Lakh (PGVCL) nos. of Agriculture consumers are billed as un-metered, however at many of the locations meters are installed. Providing meter at un-metered Agriculture consumer is very difficult task as besides the stiff resistance from farmers which may lead to social un-rest like condition. Further, at many of the places neither appropriate room nor place is available for meter installation.

Commission's observation

As mentioned by DISCOMs, no new connection is released without meter. DISCOMs may complete the task by educating the unmetered consumers to accept the metering of their connections. The Consumer organisation may also take a lead in this regard and convince the unmetered Ag. Consumers to accept the metering of their connections.

Issue 6: Distribution Loss

M/s Consumer Education and Research Society (CERS) has stated that as per GERC (MYT) Regulations, 2011, distribution losses are controllable factor and within the reach of petitioners. It is regretted that in spite of target set by the Commission, MGVCL & PGVCL are not able to control distribution losses.

UGVCL with more than 50% agricultural connections has reduced distribution losses drastically compared to increase in losses of PGVCL who has comparatively less agricultural connections.

MGVCL & PGVCL have repeatedly failed to reduce distribution losses as they find it easier to get it approved from the Commission and transfer this burden on consumers, which is only due to their inefficiency and lethargic approach.



The respondent requested the Commission not to transfer any burden of this controllable factor on consumers of Gujarat but should be put on MGVCL & PGVCL with a warning to improve their performance.

Response of DISCOMs

Company takes various steps for reduction of Distribution loss. Company makes all efforts for reduction of Distribution losses to ensure that loss reduction trajectory as approved by the Commission is not only followed but at the end of the control period the approved Distribution loss level is achieved.

Company has achieved a significant reduction in distribution losses, during recent years. These efforts shall continue and will be enhanced. However, loss reduction is a slow process and becomes increasingly difficult as the loss levels goes down. There is overall reduction in Distribution loss of all category of feeders. Distribution loss of Agriculture category is highly influenced by the amount and spells of rainfall etc. particularly during monsoon season. However, with the continuous efforts and expeditious release of new connections, the loss of Agriculture category has also reduced. Distribution loss is a controllable factor and treatment for the deviation is given accordingly while computing the revenue gap for FY 2014-15.

Commission's observation

The DISCOMs have achieved distribution loss reduction over the years. However, this being a continuous activity, DISCOMs shall put in sustained and concerted efforts to reduce the losses to target level. The DISCOMs are directed to reduce the losses to target level.

Issue 7: Operations & Maintenance Expense

M/s Consumer Education and Research Society (CERS) has stated that the respondent every year opposes steep increase in O&M expenses which includes Employees' Cost, R&M Cost and A&G Costs. The Respondent is surprised at inclusion of other parameters which have no relevance with these expenses.

Petitioners have overspent huge amount under O&M expense which should not be approved by the Commission as it is a controllable factor.



Response of DISCOMs

Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses etc. Expense incurred under this head by the Company is mainly due to following the guidelines issued by Competent Authority like State Government.

A&G expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc.

R&M expenses are incurred towards the day to day upkeep of the distribution network and form an integral part of the efforts towards reliable and quality power supply as also in the reduction of losses in the distribution system.

Hence the entire expenditure incurred is legitimate and any variation is purely beyond its control.

Commission's observation

The O&M expenses are controllable and are limited to the norms approved by the Commission.

Issue 8: Bad debts

M/s Consumer Education and Research Society (CERS) has stated that they object to demand of four DISCOMs to write-off bad debts which are in excess of approved amount by the Commission as they have made no efforts to collect these bad debts/arrears from defaulters and burdened other honest consumers.

DISCOMs have demanded approval of nearly 19 times higher amount to be written off as bad debts. The respondent requested the Commission to direct all four Petitioners to provide details of defaulters whose amount has been written off without approval from the Commission. If State Government has played any role in this, then the requisite amount should be recovered from Government of Gujarat.

Response of DISCOMs

Company takes various steps like disconnection, recovery through civil suits & arranging Lok Adalats etc., for recovery of arrears.



After disconnection, if consumer does not turn up for payment, the connection is treated as Permanently Disconnected Connection (PDC).

Arrears of such PDC consumers are transferred to bad debts. Every year certain amount of some consumers, which seems to be non-recoverable is waived and is charged in P&L of the Company under the head of other debits for the respective year. Accordingly, provisions are made by the Company in FY 2014-15 and same is proposed for recovery in True-up petition as controllable in line with MYT Regulations, 2011.

Generally, amount settled through Lok Adalat, Order received from any of the judicial fora etc. or amount which is otherwise not recovered even after completing process / efforts, the same is written- off. This is the practice followed in all businesses.

Commission's observation

The bad debts written off is a controllable expense as per GERC (MYT) Regulations, 2011. The Commission has given appropriate treatment to the variation in bad debts written off.

Issue 9: Rationalization of Telecom Towers' Tariff

M/s Indus Towers has stated that the connected load of a typical telecom tower in the state varies from 5 kW to 25 kW, with more than 85% of the towers having connected load less than or equal to 20 kW. The connected load of each tower varies based on the number of operators supported by the tower and the use of air conditioning for the same.

Currently, the energy input for these telecom tower sites is availed from Low Tension (LT) supply and these towers are categorized as commercial consumers (under Non-RGP) by Gujarat utilities. The telecom towers continuously consume power all the day and thereby maintain a high load factor through a high sale by connected load ratio. Around 86% of the tower's electricity consumption is fairly constant over a 24 hours period. Due to this telecom towers don't contribute significantly to the peak hour consumption of the DISCOMs and are a part of the base load of the distribution utility. Such a load profile doesn't give pressure on the distribution utility to buy



additional short term power at higher prices thereby leading to overall lower 'cost to serve' for such consumers.

Further, telecom towers with stable energy consumption 24 hours a day allow the utility to schedule demand in advance and hence the need to buy expensive short term power is significantly reduced for these consumers. This in turn leads to reduced cost to supply for these consumers. Other states and utilities are offering tariff/ unit lower than the current tariff offered by Gujarat distribution utilities. Many states are levying much lower or even no fixed charges for supply of power. Keeping in view the surplus financial position of the distribution companies in the state, the Commission may consider preferential tariff for essential last-mile connectivity services, like telecom towers.

Response of DISCOMs

When most of the public serving utilities are working with the principle of subsidising some part of the consumers, it is not possible for the utility to bill a particular category on the basis of cost to serve without changing the tariff of the other categories of consumer. Further, to ensure uniform tariff rates for all four state owned Distribution Companies, differential bulk supply tariff mechanism is in place.

Realisation from almost all consumer categories is within the band +/- 20%. Any further rationalization to NRGP category within which respondent falls may lead to burdening the other categories which may distort the present Tariff Structure.

Commission's observation

This issue of tariffs for Telecom towers has been examined and the Commission does not think it appropriate to reduce or introduce new tariff structure for Telecom towers.

Issue 10: New Sub-category for Telecom Towers within Commercial category

M/s Indus Towers has stated that States such as Madhya Pradesh, Jharkhand and Uttarakhand have introduced sub-categories targeting consumers based on type of activity within non-domestic/commercial category. Creation of a special sub-category



under the commercial category should be considered for all telecom towers due to following reasons:

1. To consider classifying telecom towers under a separate sub-category within the existing Commercial Category taking a cue from the Section 62 (3) of the Electricity Act 2003, given the socially favourable nature of telecom industry and the nearly flat load profile which leads to a lower cost of serve for such consumers. Taking into account the high commercial tariffs applicable to such consumers currently, a suitable relaxation in the tariff applicable to such a sub-category should be strongly considered.
2. Essential services like Telecom Towers are required to provide an uninterrupted service and hence form the backbone for many other essential services like medical emergencies, law and order response, weather emergencies etc. These essential services depend on efficient functioning of telecom and in turn telecom services depend on efficient supply of electricity at tower sites. Hence such services like telecom towers should be provided relief by formation of a sub category for the industry under commercial, tariffs for which should be reflective of actual cost to serve for the consumer.

Telecom services are like a lifeline to all businesses and has been notified as essential services by the Department of Telecommunication, which are at par with defence, national security and other emergency services like medical emergencies, fire services etc. and in fact permeates each & every section of society and generates huge revenue for the State & Central exchequer.

3. The consumption / load profile of a telecom tower is unique amongst general commercial consumers given the high load factor and nearly flat load profile of such connections.
4. Power consumed by load of the telecom towers is fairly constant and predictable (with 84% load being constant throughout) and need continuous electric supply for 24 hour period. Since the current supply is not reliable and is deficient, the petitioner is forced to use DG sets with battery back up on all BTS towers. This usage of costly power generated by DG sets forces



companies such as Indus Towers Limited to incur additional capital expenditure and operational costs for maintaining reliability of supply. This pushes the net electricity charges of the telecom companies.

5. Worldwide the telecom sector has been recognized as large productivity generator and multiple studies have shown its spread has contributed to rise of economic activity and incomes of societies. Telecom industry directly and indirectly employs 10,000 approx. State based talent across wide spectrum of technical and managerial roles have seen their aspirations fulfilled through continuing growth of the sector. They are helping in driving the local economy and on an aggregate level, providing as many employment opportunities as other industrial consumers.

Response of DISCOMs

As per the representation by the respondent before the Commission, during the Tariff Petition proceedings, to consider their connection as Industrial category connection instead of Commercial category, even though the nature of their load was non-motive power, the Commission has by Tariff Order dated 6th Sept., 2011 merged the earlier Commercial (LFD-II) and Industrial (LTP-I) tariff categories and have decided Load based tariff categories as Non-RGP (up to 40 KW) and LTMD (Demand based tariff for more than 40 KW up to 100 KW). Further Option is also there for NRGPs Consumers of 15 KW and above contract demand to choose LTMD tariff category. Therefore, no further differentiation is required for limited class of consumers.

Commission's observation

Response of DISCOMs is self-explanatory.

Issue 11: Inclusion of Telecom tower in ToD category

M/s Indus Towers has stated that the relationship between TOD tariff and improving the load factor is very clear. By charging different tariff at peak & off-peak periods, customers are incentivized to shift their loads to off-peak hours, thereby reducing the overall system peak demand and improving the system load factor. It can be concluded that telecom towers are an ideal candidate for inclusion in TOD tariff regime prevailing in the State.



Response of DISCOMs

Present tariff structure provides for ToD tariffs for High Tension Category consumers. It is fact that in the longer run the “Real time tariff” or “ToD Tariff” would be inevitable as an approach to Demand Side Management, however, it is too early to introduce for NRGPs kind of category covering large number of small capacity consumers.

Commission’s observation

No change in the Tariff for Telecom towers is considered by the Commission.

Issue 12: Consolidated billing and installation of AMR meters

M/s Indus Towers has requested the Commission to consider the proposal of compulsory installation of AMR meters and roll out of consolidated billing for large consumers with multiple connections.

The AMR system provides the utility with much more functionality than simply reducing meter reading cost. The objective of AMR technology is not only to reduce the losses but to bring up a system where energy is accountable and the network can be managed without human intervention.

AMR systems would be a milestone achievement for both the utilities as well as consumers. It is requested that appropriate directives be issued to the distribution utilities in order to consider such implementation on high priority. Indus Towers extends its full support for such initiative and is ready to help and work with the utilities for a successful implementation. In this regard a proposal has also been submitted to DISCOMs for consideration. We request the Commission to consider issuing a directive to the utility for taking the matter on an urgent basis.

Response of DISCOMs

DISCOMs provide AMR facility to “High Tension” Consumers and “High Valued” LT Consumers and AMRs are not provided to small LT consumers. AMR meter can be installed on each connection if respondent is willing to bear the cost of installation, cost incidental to AMR and O&M expenses.

Telecom Towers are spread over within jurisdiction of DISCOM; it is not possible to give treatment as single consumer. Further, the entire jurisdiction of each division is



sub divided into different Sub-Divisions. Sub-division offices are responsible for consumer billing and accounting of the consumers within their jurisdiction. Additionally, billing periodicity and billing dates of different consumers are different within the sub-division and among the sub-divisions. Therefore, it is difficult to prepare consolidated billing and also to maintain track of payment.

DISCOMs provide the facility for “Centralized Payment”, thereby, respondent can avail facility of payment of energy bills of all his connections within the DISCOM’s jurisdiction at one location i.e. at Corporate Office of the DISCOM. Alternatively, DISCOMs can accept advance payment as per provision of Security Deposit Regulations.

Moreover, there are many modes of e-payments available like payment through consumer portal, “Quick Payment, ECS (for selected towns), on line payment, ATP, ATMs of HDFC and ICICI etc. where consumers can pay their energy bills.

Commission’s observation

As explained by DISCOMs, it is difficult to provide AMR facility for Telecom towers and to issue a consolidated single bill for all the telecom tower connections in the distribution company. The consumers can utilize various modes of payment made available by the DISCOMs.

Issue 13: Unit costing and Agriculture category unit costing / subsidy

M/s Laghu Udyog Bharati – Gujarat (LUB) has stated that the data for Agriculture category unit sales amount receipt given in the annual financial report and other places for having received amount at the rate of Rs. 2.64/unit is not correct. The data given in Table 7 of ARR are direct adjustment by way of loot of poor people.

The respondent is asking since many years that where the FPPPA charges subsidy payment of Agriculture category goes if it is paid by Government.

Response of DISCOMs

The National Tariff Policy mentions the need to have a rationalization of tariff to various consumer categories such that it is more aligned to the cost of supply and in



a band of $\pm 20\%$ to the average cost of supply. However, while implementing the above, ground realities of the sector has to be kept in view.

One of the primary beneficiaries of the State's efforts to supply good quality, uninterrupted power is the Industries and commercial entities in the state. On the other hand, agriculture category is being supplied only limited power per day of about 8 hours. Further, mostly this power is supplied to them during off peak hours and during night time, when the average cost of power purchase from various generating stations is much lower due to the merit order stacking mechanism for power off take. In effect, the cost of supply to agriculture category would be much lower than the other categories enjoying power during peak hours also. Thus, it is natural that the tariff rates for agriculture are significantly lower than other consumer categories.

While, in the long run it would be desirable to have some rationalization of tariff across consumer categories, the socio-economic situation of power consumers cannot be neglected as supplying power at affordable rates to all classes of consumers is a primary responsibility of a power utility.

It is not possible for the utility to bill a particular category on the basis of cost to serve without changing the tariff of the other categories of consumer. Further, to ensure uniform tariff rates for all four DISCOMs, differential bulk supply tariff mechanism is in place.

Average realization from almost all categories for FY 2014-15 is within the $\pm 20\%$ to the average cost of supply. During FY 2014-15 many of the High Tension Consumers did not draw energy from the DISCOMs corresponding to their contract demand and preferred to draw from other sources. Similar phenomena have affected the projections for FY 2015-16 and considered for FY 2016-17 which has resulted in artificial increase in average realization for FY 2016-17, otherwise average realization from almost all categories is within $\pm 20\%$.

As regards the "FPPPA" charges compensated by State Government for Agriculture category it is to state that the same is considered under "Revenue from sale of Power" for respective category.



Commission's observation

Agriculture category comes under special category in view of restricted hours of supply that too during off peak hours. As such the Tariff shall be different and it cannot be compared with those who avail unrestricted power supply throughout the day. The Tariff, to some extent, is subsidized by the State Government.

Issue 14: Delay in payment of charges by Gram Panchayats

M/s Laghu Udyog Bharati – Gujarat (LUB) has stated that the amount outstanding from Gram panchayats, Nagarpalikas and other public bodies for long time and DISCOMs are getting payment late. The relief in delayed payment charges is given to local bodies by allowing credit. The cost of this delayed payments charges is borne by other section of consumers mainly NRGP and LTMD customers and not by defaulters. Actually this sum is payable by Government. Since last 10 years LUB is representing this issue, though ARR is approved and the bad debts finalization is enhanced. LUB request the Commission to give instructions to Gujarat Government to pay these delay payment charges to DISCOMs.

Response of DISCOMs

DISCOMs have waived off delay payment charges as per direction issued by Government of Gujarat to waive the delayed payment charges debited up to 31.03.2014 to weaker Nagar Palikas under One Time Settlement of their dues through Gujarat Municipal Finance Board. Delayed Payment Charges are considered as an income in earlier year for Tariff determination purpose and ARR were reduced in previous years. Since DPC was accounted on accrual basis, the same is now need to be debited to other debits and are categorized as uncontrollable as per MYT Regulations, 2011.

Commission's observation

The Commission has not allowed the burden of DPC waiver to borne by the other consumers. However, DISCOMs may ensure timely recovery of their dues from Nagar Palikas to avoid waiver of the DPC in the future.



Issue 15: Payment of high cost per unit by poor and small consumers than others

M/s Laghu Udyog Bharati – Gujarat (LUB) has requested the Commission to help poor NREGP consumers by 50% overall reduction of Fixed Charges in NREGP category. To prevent small people from paying high cost to the DISCOM, DISCOMs are required to give the actual picture of dues in agriculture and Public bodies category and action plan for not adjusting NREGP small consumers' money to make up for Agriculture category and public bodies shortfall revenue.

Response of DISCOMs

The revenue from any of consumer category is recognized once the assessment is made and bill is raised. If the consumer did not pay the bill amount within the prescribed time limit, it is an arrear and it is a balance sheet item. Therefore, it is not that dues of any consumer or consumer category are adjusted in the tariff of other consumers.

Commission's observation

The response of DISCOMs is self-explanatory.

Issue 16: Enhancement of expenses a key to create ARR Gap

M/s Laghu Udyog Bharati – Gujarat (LUB) has stated that the expenses are enhanced and true-up is asked after one and half year. The money collected is disbursed to several heads lavishly.

Response of DISCOMs

All the activities in the DISCOMs necessitate corresponding increase in employee and A&G expenses. Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses etc. Expense incurred under this is mainly by following the guidelines issued by Competent Authority like State Government. Administration & General expenses mainly comprise of rents, telephone and other communication expenses, professional charges, conveyance and travelling allowances, etc.

R&M expenses are incurred towards the day to day upkeep of the distribution network and form an integral part of the efforts towards reliable and quality power



supply as also in the reduction of losses in the distribution system. Hence the entire expenditure incurred is legitimate and any variation is purely beyond its control.

Besides Miscellaneous Losses and Write-offs, DISCOMs have waived off delayed payment charges as per the G.R. No: NPL/452014/UOR-40/M dated 06.01.2015 issued by Government of Gujarat. Delayed Payment Charges are considered as an income for Tariff determination purpose. Therefore, the waived amount is debited to other debits and are categorized as uncontrollable as per MYT Regulations, 2011.

After disconnection, if consumer does not turn up for payment, the consumer is treated as Permanently disconnected Consumer (PDC). Arrears of such PDC consumers are transferred to bad debts. Every year certain amount of some consumers, which seems to be non-recoverable, is waived and is charged in P&L of the Company under the head of other debits for the respective year. Accordingly, provisions are made by the Company in FY 2014-15 and same is proposed for recovery in True-up petition as controllable in line with MYT Regulations, 2011.

DISCOMs take various steps like disconnection, recovery through civil suits & arranging Lok Adalats etc., for recovery of arrears. Generally, amount settled through Lok Adalat, Order received from any of the judicial fora etc. or amount which otherwise is not recovered even after completing process / efforts, the same is written-off. This is the practice followed in all businesses.

Commission's observation

The Commission approves the petition after detail scrutiny and prudence check as per the norms specified in the GERC (MYT) Regulations, 2011.

Issue 17: Power Purchase Cost

M/s Laghu Udyog Bharati – Gujarat (LUB) has stated that

1. A power purchase cost is fixed for imaginary no. of units not shown anywhere
2. Units sold to GUVNL and amount much less than power purchase cost are shown in annual financial report not accounted in Energy Balance statement.,



3. UI Units sold and amount much less than power purchase cost are shown in annual financial report not accounted in Energy Balance statement
4. UI Units purchased and amount much higher than UI sale cost are shown in annual financial report not accounted in Energy Balance statement.

Response of DISCOMs

Power purchase is undertaken by GUVNL on the basis of requirement of each DISCOM. For the reference of respondent, the units of power purchase done for each DISCOM is available in (TABLE 9: ENERGY REQUIREMENT AND ENERGY BALANCE) in the petition of each distribution company. The Commission, through its MYT order dated 6.9.2011, has approved the concept of Bulk Supply Tariff (BST) for the control period FY 2011-12 to 2015-16 for allocation of power purchase cost by GUVNL to DISCOMs. As per approved BST concept, the power purchase cost is allocated to DISCOMs based on their consumer mix and load profile. The Commission has approved the BST concept after carrying out detailed hearings and submissions in order to keep the retail tariff uniform across the State. For the purpose of sale of surplus power marginal cost is only considered by GUVNL and not the fixed element as fixed cost is paid to generator based on availability. Unscheduled Interchange (UI) units purchase / sale is towards deviation from the Schedule and the additional surplus units are sold by GUVNL and proceeds from the sale are passed on to DISCOMs. The power purchase cost consists of power purchased from GUVNL, solar, wind, UI etc. Netting of income from sale of power to GUVNL and Unscheduled Interchange is done to arrive at the net power purchase cost.

Commission's observation

Power is purchased based on estimated demand of DISCOMs at the rates approved by CERC / SERC. Surplus power available after honouring the bilateral trading arrangement is sold at the market determined price. The UI sales and UI purchase is governed by the frequency of the system.

Issue 18: Showing less revenue in ARR than Annual report

M/s Laghu Udyog Bharati – Gujarat (LUB) has stated that the DISCOMs are showing less revenue in the summary of ARR than that exhibited in the Annual Accounts.



Response of DISCOMs

Revenue in annual accounts includes revenue from sale of power to GUVNL and DSM charges, besides revenue from sale to different consumer categories as per Accounting practice whereas in the ARR net power purchase cost is shown after reducing revenue of surplus power as per requirement of ARR. Netting of the same heads i.e. revenue from sale of power to GUVNL and DSM Charges have been done and they have been reduced from total power purchase cost so the amount of revenue from annual accounts and shown in petition are not same. Also the head “Other Income” is classified under the head of Non-Tariff income in the petition and the same has been reduced from total ARR rather than including it in the revenue. So there is no error in the petition but presentation is different as per Accounting Practice and requirement as per MYT Regulations and the same is compared with annual accounts.

Commission’s observation

The response of DISCOMs is self-explanatory.

Issue 19: Treatment of Reserve and surplus consumer contribution and Government grant for Capital works

M/s Laghu Udyog Bharati – Gujarat (LUB) has stated that,

1. Detailed accounting of reserve and surplus are not furnished.
2. The treatment of reserve and surplus amount has not been indicated
3. The treatment of consumer contribution and Government grant and subsidies has not been indicated.

Response of DISCOMs

Tariff petition is prepared on the basis of principles laid down in GERC (MYT) Regulations, 2011. Consumer contribution and capital grants are prudently written back every year a certain percentage of total amount outstanding and is considered as Non-Tariff income in the tariff petition. Thus, treatment for consumer contribution and capital grant is appropriately done in the petition year on year basis. Tariff petition is prepared on the basis of principles laid down in GERC (MYT) Regulations, 2011 and the same does not provide for adjusting true-up against reserve and surplus. So the treatment by DISCOM is in line with the prevailing regulations.



As regards to treatment to Consumer Contribution and Government Grant, it is to submit that every year, Company writes back certain part of consumers' contribution and grant. Therefore, the appropriate effect to the consumers' contribution and grant is given and company charges depreciation on gross value of asset.

Commission's observation

The response of DISCOMs is self-explanatory.

Issue 20: Power purchase, T & D Losses etc.

M/s Utility Users' Welfare Association (UUWA) has stated that

1. The Commission should not approve any tariff for FY 2016-17 and direct them to carry out the business independently and separately including power purchase and all other activities, otherwise the Commission may advise GoG to make only one company instead of seven different companies so that the overhead expenses of other six can be saved which will also help to reduce the tariff up to that extent.

2. Till today the average T&D losses of DISCOMs is 24.75% which is very high and consumers should not be burdened by indiscriminate T&D loss of the DISCOMs. The cost of this T&D losses if calculated at the average cost of supply is Rs. 5.49/Unit, it amounts to Rs. 8182.97 Crore which is more than ARR of UGVCL.

The Apex Court's judgment, on the question of Transmission and Distribution Losses, makes it very clear that after enactment of 1998 Act and Gujarat Reforms Act, the burden of indiscriminate losses can no more be transferred on to the consumers.

GERC shall therefore need to avail the services of experts to identify the quantum of losses that can be allowed for determination of the tariff.

3. It is the duty of the Distribution licensee to procure power at the competitive price from the generators. Here GUVNL whose status is as per GERC is Deemed Trading Licensee as per order in petition no. 1076/2011 dated 30/01/2012 in case of GUVNL vs. PTC. Whereas Hon. APTEL has not



considered GUVNL as granted licensee or Deemed Licensee, but held that GUVNL is the holding company of all other six subsidiary companies and is making trading for the procurement and sale of power in bulk on behalf of its six subsidiary companies.

4. GUVNL determines the sale price of power for its DISCOMs in a way that the ultimate tariff for the consumers remain equal in the State. It means the consumers of the DISCOMs whose performance and efficiency is good has to subsidize the consumers of the DISCOMs whose efficiency and performance is worst. (MGVCL, DGVCL, UGVCL consumers are subsidizing the consumers of PGVCL). This is not justified because the honest consumers and efficient DISCOMs instead of rewarding are being penalized and the consumers who are dishonest and the performance of DISCOM is poor are being rewarded. This is against the principle of natural justice, principle of MYT Regulations made under the provision of tariff section of E.A. 2003.
5. DISCOMs have not mentioned at what price with quantum the surplus power is sold to GUVNL as well as at what price the power is procured from various sources with quantum by the DISCOMs. DISCOMs and GUVNL are requested to provide the details of the power quantum along with cost.

Response of DISCOMs

1. GUVNL has been incorporated as a successor entity to the erstwhile Gujarat Electricity Board (GEB) pursuant to a transfer scheme notification issued under the provisions of the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003 and as per the Electricity Act, 2003.

Section 28 of the Gujarat Electricity Industry Act provides that the State Government may from time to time by notification in the official Gazette, publish schemes to reorganise the Government Electricity Industry. The above is also consistent with Section 131 of the Electricity Act, 2003 which provides that the State government shall issue a transfer scheme for transfer and vesting of the property, interest in property, rights and liabilities of the erstwhile State Electricity Board. Accordingly, the State Government through notification dated 24.10.2003 issued the first Transfer scheme under which



the generation, transmission and distribution undertakings of the erstwhile Gujarat Electricity Board were vested in separate companies. As per the Schedule G of the said notification functions related to bulk purchase of power from the generating companies within/outside of the State of Gujarat and supply in bulk to the DISCOMs, any other residual liabilities, proceedings and functions etc. were not transferred to any of undertakings and retained by the Gujarat Electricity Board for the time being. Subsequently, the State Government issued a notification dated 10.12.2004 to incorporate GUVNL for the purposes of transferring the assets, liabilities and proceedings mentioned in Schedule G of the erstwhile GEB including trading in electricity. Further, State Government through Notification dated 31.3.2005 finalized transfer of functions and activities w.e.f. 1.4.2005. Accordingly, GUVNL has been entrusted with functions of bulk purchase of power from the generating companies within/outside of the State of Gujarat and supply in bulk to the DISCOMs, any other residual liabilities, proceedings and functions, trading activities etc. Accordingly, the function of Bulk Power Purchase and Bulk Supply to Four Distribution Companies has been undertaken by GUVNL. GUVNL is co-petitioner in present petition too.

2. T&D Loss is an inherent phenomenon in the Electricity Business. It can be reduced gradually but cannot be eliminated at all.

For the Distribution Company, Distribution loss is a controllable factor and treatment for the deviation is given accordingly while computing the revenue gap for FY 2014-15.

Actual T&D Loss for FY 2014-15 for the Company was 16.87% (MGVCL) / 28.68% (PGVCL) / 14.77% (UGVCL) and not 20.61% (MGVCL) / 40.17% (PGVCL) / 16.55% (UGVCL) as mentioned by the respondent. Respondent has taken a base of units sold for the purpose of computation of T&D loss whereas factually base should be total units fed (units sent) in the system.

The Company takes various steps for reduction of Distribution Loss. Company makes all efforts for reduction of Distribution losses to ensure that not only the loss reduction trajectory as approved by the Commission is



followed but at the end of the control period at least the approved Distribution loss level is achieved.

DISCOMs have achieved a significant reduction in distribution losses, during recent years. These efforts shall not only be continued but shall be enhanced. However, loss reduction is a slow process and becomes increasingly difficult as the loss levels go down. There is overall reduction in Distribution loss of all categories of feeders. Distribution loss of Agriculture category is highly influenced by the amount and spells of rainfall etc. particularly during monsoon season. However, with the continuous efforts and expeditious release of new connections, the loss of Agriculture category has also reduced.

The Commission has approved Distribution loss trajectory for each financial year of the second control period. Distribution loss is a controllable factor and treatment for the deviation is given accordingly while computing the revenue gap for FY 2014-15.

3. GUVNL has tied up power on long term basis to fulfil the requirement of its four subsidiary DISCOMs. Further, Intra-Stat ABT has been implemented in the State w.e.f. 5.4.2010. In accordance with the provision of Intra-State ABT Order of the Commission, power is procured on real time basis following the principle of Merit Order irrespective of ownership of generators whereby cheaper power is scheduled first till the demand of DISCOMs is met.

Further, GUVNL trades the eventual surplus power and proceeds through trading of surplus power are being passed on to the Consumers of its subsidiary Distribution Companies.

4. Consumer mix and load profile of consumers in different companies are different and it will vary from hour to hour. Accordingly, GERC through MYT order dated 6th September 2011 has approved the concept of Bulk Supply Tariff (BST) for the Control Period from FY 2011-12 to 2015-16 for allocation of power purchase cost by GUVNL to its subsidiary DISCOMs. As per the concept of BST as approved by the Commission, the power purchase cost is



allocated to DISCOMs based on their consumer mix. The concept of BST was approved by the commission after carrying out detailed hearing and submissions in order to keep the retail tariff uniform across the State.

5. The details of power purchase by GUVNL for FY 2014-15 are provided in the audited accounts of GUVNL, which is also available on their website.

Commission's observation

The DISCOMs have clarified various issues raised by the stakeholder on Power Purchase, distribution loss etc. The DISCOMs have achieved distribution loss reduction over the years. However, this being a continuous activity, DISCOMs shall put in sustained and concerted efforts to reduce the losses to target level. The DISCOMs are directed to reduce the losses to target level.

Issue 21: Loss reduction

M/s Gujarat Chamber of Commerce & Industry (GCCI) has stated that

1. In FY 2014-15, overall losses were very low. Though overall losses are reduced, it is difficult to judge the performance of the petitioner for want of category wise loss reduction data. One of the motives of the Electricity Act - 2003 (EA-03) is to make power sector efficient.
2. Details of actions taken to reduce losses, particularly vigilance activities, have not been furnished.
3. To make result explicit, it is requested to segregate approved losses for FY 16-17 and thereafter for Ag and non-Ag category separately. In non-Ag also, category wise losses may be approved. This would enable improve efficiency of petitioner in right spirit of EA-03.
4. HT connections are normally catered through HT express or industrial category feeders. Average losses of these categories of feeders are @ 2.5%. As per data submitted by petitioner in previous tariff petitions, non-AG losses (which include JGY feeders also having aggregate losses more than 20%) are 9.56%, 9.28% and 8.75% in FY 10-11, 11-12 and 12-13 respectively i.e. less than 10% for said three years. Distribution losses for OA consumers approved at present are 10% for 11, 22 and 33 KV consumers. To make it rationale, it is requested to approve distribution losses @ 3%.



5. In case of CTU and STU, actual losses are applicable. For distribution losses, to simplify, GERC apply average losses of HT express feeder of all four DISCOMs.

Response of DISCOMs

Company takes various steps for reduction of Distribution loss. Company makes all efforts for reduction of Distribution losses to ensure that not only the loss reduction trajectory as approved by the Commission is followed but at the end of the control period at least the approved Distribution loss level is achieved.

As regards to suggestion for determination of category wise losses by the Commission it is to submit that entire exercise of tariff determination is on average cost plus basis. Moreover, distribution loss being controllable factor the treatment for the deviation from the approved values is given accordingly. Therefore, it is not desirable that the Commission determines "Category wise" Distribution loss.

Commission's observation

The Commission considers the distribution losses of the entire distribution system to estimate the energy requirement and power to be purchased.

Issue 22: Wheeling Charges and Losses

M/s Gujarat Chamber of Commerce & Industry (GCCCI) has stated that Consumer of voltage level below 66 KV, who purchases power from OA has to bear CTU loss, STU loss and distribution loss. Wheeling charges are payable by such consumer. Logically, wheeling charges should be applied on energy received by such OA consumers net-off CTU, STU and distribution losses. At present DISCOMs are recovering wheeling charges on scheduled energy net-off CTU losses. It is requested to clarify that it is applicable on net-off distribution losses.

Response of DISCOMs

Charging a wheeling loss is a matter of Energy Accounting. Wheeling losses are worked out on the basis of overall Distribution loss level approved by the Commission. The Commission determines different wheeling losses for the consumers connected at different voltage level.



Wheeling charges are recovered as per provisions of Open Access Regulations.

Commission's observation

The response of DISCOMs is self-explanatory.

Issue 23: Cross subsidies

M/s Gujarat Chamber of Commerce & Industry (GCCI) has stated that in the tariff order in petition no. 1464/2014, GERC has pronounced tariff for FY 15-16 and increased cross subsidy surcharge from Rs. 0.39 per kWh to Rs. 0.59 per kWh. From tariff charges for domestic, agriculture and HT industrial consumer, it can be seen that there is no rise in tariff for residential and agriculture consumers whereas in case of HT consumers there is a huge rise.

In Gujarat OA is allowed to HT consumers having contract demand of 1200 KVA or more. For such consumer there is a huge increase of 21.43% in demand charge.

Thus for HTP-I tariff rate consumers having contract demand of more than 1200 KVA (i.e. eligible for OA) there is huge rise of @ 33 Ps./unit with no rise for domestic and agriculture consumers. Thus it can be revealed that GERC has increased tariff in such a way which increases cross subsidization and therefore cross subsidy surcharge is increased.

Since cross subsidization is increased and there is a no road map for its gradual reduction in consonance with Section 61(g) of the Act of 2003 and the National Tariff Policy, the determination of tariff by the Commission for FY 2015-16 on account of increase of cross subsidy in the tariff can be adjudged as flawed and therefore increase in cross subsidy w.e.f. 01/04/2015 should be withdrawn with immediate effect.

To reduce cross-subsidization it is prayed to reduce demand and energy charges of consumers of HTP-1 category.

Response of DISCOMs

No change is proposed for any of the Tariff categories in the present petition.



Average realization from almost all categories is within the $\pm 20\%$ to the average cost of supply, as envisaged in the National Tariff Policy. Further, many of the High Tension Consumers don't draw energy from the DISCOMs corresponding to their contract demand and preferred to draw from other sources. Similar phenomena had affected the projections for FY 2015-16 and considered for FY 2016-17 which has resulted in artificial increase in average realization for FY 2016-17, otherwise average realization from almost all the categories is within $\pm 20\%$.

The primary beneficiaries of the State's efforts to supply good quality, uninterrupted power are the Industries and commercial entities in the state. On the other hand, agriculture category is being supplied only limited power per day of about 8 hours. Further, mostly this power is supplied to them during off peak hours and during night time, when the average cost of power purchase from various generating stations is much lower due to the merit order stacking mechanism for power off take. In effect, the cost of supply to agriculture category would be much lower than the other categories enjoying power during peak hours also. Thus, it is natural that the tariff rates for agriculture should be lower than other consumer categories.

While, in the long run it would be desirable to have some rationalization of tariff across consumer categories, the socio-economic situation of power consumers cannot be neglected as supplying power at affordable rates to all classes of consumers is a primary responsibility of a power utility.

When most of the public serving utilities are working with the principle of subsidising some part of the consumers, it is not possible for the utility to bill a particular category on the basis of cost to serve without changing the tariff of the other categories of consumer.

Commission's observation

The Commission has always endeavoured to reduce the cross subsidy as provided under the Electricity Act, 2003 and the Tariff Policy.

Issue 24: Night Charge Benefit on entire Consumption

M/s Gujarat Chamber of Commerce & Industry (GCCCI) has stated that at present night hours concession of 75 paise per unit is given only to the consumption in night



hours exceeding 1/3rd of the total consumption. Therefore, the consumer who is sure that he can't consume more than 1/3rd in night hours is never motivated to consume more in night hours. If this benefit is extended to entire consumption during night hours, consumer will try to maximize consumption during night hours though not able to go beyond 1/3rd of the total consumption. Thus it may be extended to night hour concession to all units consumed during night hours. Though total amount payable by DISCOM remain unchanged, concession for use of electricity during night hours be allowed to all units consumed during night hours at appropriate rate. In Punjab night hour benefit is given for all units consumed during night hours.

Response of DISCOMs

There is a special category for the high tension consumers for utilization of power exclusively during night hours having reduced energy charge.

The objective of giving night benefit to the consumer is to shift their demand to off peak hours and thereby to help the grid as well as to flatten the demand curve of the utility. But the consumers who are otherwise of continuous nature or as a part of their process they consume power during night hours cannot be considered to have made additional efforts to shift the load from peak hrs. Therefore, the night hours concession is given on the energy consumption during night hours in excess of one third of the total energy consumption of particular month.

Commission's observation

The Commission has taken an appropriate view and accordingly considered the same.

Issue 25: Change in base from KW to KVA for LTMD Consumers

M/s Gujarat Chamber of Commerce & Industry (GCCCI) has stated that DISCOMs have proposed to change the demand charges for "LTMD" category of consumers from "per kW per month" basis to "per kVA per month" basis considering unity power factor.

As per supply code the kW shall be computed by multiplying kVA with the power factor of 0.90. Therefore, if the proposal is to be approved, it should be approved by



considering power factor of 0.90. Otherwise there will be an increase of demand charges of about 11% per month for said category.

If proposal is approved, below stated issues will also arise;

- a) Higher slab of fix charges will be applicable.
- b) Considering standard power factor of 0.90, actual demand in kVA will increase for consumers. For example, actual demand of 40 kW will become 44.5 kVA, actual demand of 90 kW will become 100 kVA etc. Therefore, slab of demand charges should be revised accordingly to nullify effect of rise in tariff.
- c) Consumers having actual demand more than 90 kW to 100 kW would be compelled to convert to HT connection increasing their fixed and recurring cost at the time of such a severe recession.
- d) Since demand in KVA will increase, consumers would be compelled to seek additional load and issues about payment of an estimate, security deposit etc. will arise.

Therefore, the Commission is requested to consider these aspects and not to approve the changes proposed by DISCOM.

Response of DISCOMs

“KVA” is a ratio of “KW” to “Power Factor”. “Unity” power factor is the best power factor. Thus, at Unity Power Factor, KVA is equal to KW. Power factor of the system is governed by the nature of Load. Generally low power factor is caused by the highly inductive load on the system. Due to low power factor actual working component of the power gets reduced leading the system to overloading, higher line losses, voltage dips. Power factor can be corrected and maintained by Power Factor correction equipment like “Shunt Capacitor” etc.

By changing the demand charges for “LTMD” category of consumers from “per kW per month” basis to “per kVA per month” basis, the company expects that this category of consumers shall improve their “Power Factor” and thus the overall power factor of the system will be improved & due to this, the system will be more reliable,



will have less maintenance due to breakdown, overall increase in system capacity, lesser voltage drop and reduction in T&D losses.

Calculation of demand charges, while shifting “Per KW per Month” to “per KVA per Month”, considering power factor as 0.9 instead of “Unity” as proposed, it is to submit that for the purpose of “Demand Charges” maximum of average “KW”/ “KVA” supplied during consecutive 30/15 minutes time block is considered as “Maximum Demand”. It may be that actual value of power factor would be different during the time block when the “Maximum Demand” has been recorded. Therefore, it is not desirable to consider power factor as 0.9 while determining the “Demand Charges”.

Commission’s observation

The suggestion of the stakeholder will be examined and appropriate decision will be taken.

Issue 26: Installation of meters on distribution transformers

M/s Gujarat Chamber of Commerce & Industry (GCCI) has stated that meters have been installed on 94.4% distribution transformers. It is appreciable work but petitioner has not submitted actual gain on this account. Petitioner shall be directed to submit DTC wise loss analysis for FY 15-16 (till date) and henceforth to submit detailed analysis in all ensuing tariff petitions.

Response of DISCOMs

Status of providing meters on Distribution Transformer has been submitted as a part of “Compliance of Directives”. Objective of installation of meter on “Distribution Transformer” is to have “Energy Audit” and to find out the point of leakages to curb the theft of electricity. Since, this is one of the tools for “Distribution Loss” reduction activities, submission of “Distribution Transformer wise Loss” report as a part of petition is not required and possible.

Commission’s observation

The DISCOMs are directed to conduct energy audit and submit a sample energy audit report for transformers having different consumer mix along with action taken, if any, for reducing the losses.



Issue 27: FCA Charges calculations to be made public

M/s Gujarat Chamber of Commerce & Industry (GCCCI) has stated that fuel surcharge is having considerable impact in total tariff. Fuel prices reduced drastically in last few months but fuel surcharge is not reduced accordingly.

Therefore, it is requested to make fuel surcharge calculation public. It will also bring transparency.

Response of DISCOMs

FPPPA/PPPA is 'adjustment' related to power purchase cost i.e. passing on the increase or decrease, compared with the base power purchase cost approved by the Commission as the case may be. The PPPA charge is being levied on the consumer categories on account of the change in the cost of power purchase in comparison with the approved power purchase cost, which comprises almost 80 to 90% of the Distribution Licensee's ARR. Any expense pertaining to the regulated business of the Distribution Licensee has to be recovered from all consumers in some manner; therefore, the PPPA charges are recovered in the form of an incremental energy charge (Rs/kWh) as per formula approved by the Commission.

It is apt to mention that calculation of "FPPPA" for the relevant quarter is available on the GUVNL website.

Commission's observation

Variation in fuel price is reflected in FPPPA charges and benefit is being passed on to the consumers. FPPPA calculations submitted by the utilities are examined and after detail scrutiny the same is approved with or without reduction. Such calculations are hosted on the websites of the utilities.

Issue 28: Relaxation in HTP-IV Category

M/s. L&T Special Steels and Heavy Forgings Pvt Ltd., Gujarat Granito Manufacturer's Association, Bhavnagar Induction Furnace Development Association and Sihor Steel Rerolling Mills Association have sought relaxation in the HTP-IV Tariff and requested to remove the conditionality imposed for the "HTP-IV" consumers, which restrict the usage of power during day time for only the purpose of maintenance.



The consumer should be allowed to use the power for operations-as well as maintenance as there are many process / product cycles which required peak power (high power) during short period varying between 1 to 3 hrs and then power requirement drops drastically to 20 to 25% for rest 10 to 16 hrs. Such consumers can comfortably plan their operation such that the peak load is scheduled during night hrs and only such consumers can comfortably operate under HTP-IV tariff and thereby also helping DISCOM in "Demand Side Management".

Response of DISCOMs

Regarding suggestion for removal of condition for the consumption beyond prescribed night hours it is to state that basic objective of HTP-IV category is to incentivize the HT consumers to shift their consumption to night hours. Any further relaxation for the consumption beyond prescribed night hours shall defeat the sheer objective of the HTP-IV category. Therefore, no further relaxation is required in the limit prescribed for the energy consumption beyond prescribed night hours.

Condition mentioned under the HTP-IV category for availing 10% of total units consumed or 15% of the contract demand beyond the prescribed hours for the purpose of maintenance is highly essential to keep the consumers in discipline which ultimately impacts on "Load Curve" of the Distribution Companies. Therefore, consumers of HTP-IV category who are otherwise incentivize, have to observe every month regarding their energy consumption as well as their "Demand" beyond the prescribed hours and breach in any of the components leads to billing such consumer at HTP-I tariff rate for relevant billing period.

As regards to suggestion to create new sub-category, HTP-IV (A), it is to submit that presently there are very few consumers under HTP-IV category, any further sub-categorization would be a backward move to tariff rationalization.

Commission's observation

The Commission has examined the issue and taken appropriate decision.



3.2 Issues pertaining to PGVCL

Issue 1: No data for 90% Expense towards GUVNL Power Purchase Cost

M/s Federation of Kutch Industries Association (FOKIA) has stated that

- i. Table 36 (P 33) of the Petition for provisional ARR for FY 2016-17 shows that 87% ($9204.68/10613.80 = 87\%$) of the revenue requirement is expense on account of Cost of Power Purchase for which no details are available.

Power purchase cost works out to Rs. 4.60/Unit based on Rs. 9,204.68 Crore towards power purchase cost (Ref Petition Table 36, item 1 on page 33) and 20,028 Mus total power purchase (refer Petition Table 37 on page 34).

- ii. Such a high cost of power, in a scenario wherein all fuel costs and even capital goods costs of power equipment shows downward trend, is not justifiable from any angle. Even power exchange average cost during the year has been far lower than this cost of power.
- iii. This shows that all inefficiencies and mismanagement costs of generating companies is transferred to tariff through power purchase cost payable by the PGVCL.
- iv. One of the very high Fixed Costs seems to be continuing fixed cost recovery for very old units beyond 25 years of commissioning. This is absolutely unfair, arbitrary and unwarranted as the Fixed cost / depreciation must have been recovered in full within 10 to 12 years of commissioning and continuing cost recovery even beyond not only 25 years of useful life but even beyond 35 or 40 years seems to be undue favour to the Govt. owned company at the cost of consumers. There is no justification for running such dead machines paying very high tariff as compared to market price of power/energy.
- v. The actual Fixed cost and the Total Cost in respect of GSECL as projected for 2016-17 is only Rs. 0.98/Unit and Rs. 3.09/Unit. Moreover, the average Central Sector Power cost being always much lower, PGVCL/DISCOMs power purchase costs shown in the petition is exorbitant.



- vi. Recovery of huge fixed costs towards new plants are shown and proposed during the years in anticipation of commissioning of such plant during the year which are actually not commissioned during those years e.g. Dhuvaran CCPP-III and Sikka Extension units III & IV but no action is taken to remove Fixed Costs recoveries for the power plants whose useful life is already over long back. Such plants, although being unviable to run technically as also financially, but run for a short period of the year just to continue the undue recovery of the fixed costs through tariff amounts to misusing the pass-through provisions under the regulatory regime.

The Commission is therefore requested to ensure due diligence on all data furnished by the Utilities with a sole objective of continuing very high recovery from the consumers by inconsistent and selective data for their financial benefit/comfort.

Response of PGVCL

GUVNL purchases the entire power requirement of all four Distribution Companies from various sources i.e. GSECL, Central Generating Companies, IPPs etc. approved by the Commission. Thus, GUVNL performs the activity of bulk supplier of power to all the four Distribution Companies. In accordance with these arrangements related to power procurement, each Distribution Licensee has entered into bulk supply arrangement / agreement with GUVNL to meet its supply obligations.

It is submitted that since the 80% - 90% of the total cost incurred by DISCOM is for Power Purchase, the same plays a major role in determining the Annual Revenue Requirement as well as Gap / (Surplus) for the DISCOM for a particular year. All the four Distribution Companies are incorporated on the basis of zonal configuration and consumer profile and consumption profiles are different in the four Distribution Companies. The revenue earning capabilities of each of the DISCOMs differ resulting in different ARRs. Further, the State Government has envisaged uniform retail supply tariff in the four DISCOMs (of the unbundled GEB), so that the consumers in the similar categories in the four DISCOMs area shall have a similar tariff and there may not be any discrimination in the consumers. Therefore, it is necessary to build a mechanism in the projections to bring them to a level playing field. Therefore, the Commission has approved differential Bulk Supply tariff (BST) for each of the DISCOMs.



Accordingly, for FY 2014-15 Rs. 3.33 per Unit power purchase cost is allocated to DGVCL.

The source wise detail of power purchased by GUVNL for FY 2014-15 is provided in the audited accounts of GUVNL which is also available on web-site.

Commission's Observations

The response of PGVCL is self-explanatory.

Issue 2: Overcharging Depreciations and overstating Fixed Assets

M/s FOKIA has stated that in support of respondent's contention regarding unduly very high power purchase cost of PGVCL, reference is made to Auditors important observations and qualified opinion on page 5 of the GUVNL's Consolidated Annual Accounts report for FY 2014-15 which reads as under:

"...Due to this company has overcharged the amount of depreciation on fixed assets/capital spares in the books of accounts to the tune of Rs. 59.18 Crore during the current financial year, thereby the profits before tax of the company for current financial year are understated to the extent of Rs. 59.18 Crore and gross block of fixed assets of the company are overstated to the tune of Rs. 228.15 Crore and current assets being inventories are being understated by Rs. 228.15 Crore....."

This is merely an isolated classic example of what is being done to inflate the cost and recoveries under the tariff. The Petitioners has been deliberately hiding such vital information in the petition and illegally trying to recover higher tariffs from industrial consumers.

Response of PGVCL

As regards to issue related to charging depreciation on GSECL stations, it is to state that power is procured from GSECL stations at the tariff approved by the Commission for respective stations in the separate proceedings under GERC (MYT) Regulations, 2011.



Commission's Observations

The issue is raised by the objector on the comments of Statutory Auditors on the Annual Accounts of GSECL as reflected in GUVNL consolidated Annual Accounts for FY 2014-15. However, this objection has not been accepted by C&AG as they have issued "NIL" comments certificate on the accounts of GSECL and GUVNL consolidated.

Issue 3: Vital data on Voltage-wise Cost of Supply

M/s Federation of Kutch Industries Association has stated that the Petitioner has been indulging in perpetual and deliberate breach of this Commission's candid directions for furnishing cost of Supply data under different pretexts since last few years and this time also the Petitioner has not furnished the same yet. Even if they furnish it now, it has deprived of the Respondents opportunities/rights to analyse and respond to it.

It would therefore be appropriate not to proceed further in this petition till the Petitioner furnish the relevant cost of supply data for the FY 2014-15 and the Respondents submit their suggestions/response based on the same for consideration by this Commission while deciding the tariff in accordance with the Law / EA 2003 / Tariff Policy.

Response of PGVCL

Company is in the process of finalizing the cost to serve report.

Commission's Observations

PGVCL has subsequently submitted the category wise cost to serve report for FY 2014-15. However, PGVCL is directed to ensure submission of cost to serve report along with tariff petition in future.

Issue 4: Non furnishing of vital information on Agriculture Subsidies

M/s Federation of Kutch Industries Association has stated that under the Tariff Proposal, it is observed that the Agriculture consumption count for almost highest percentage of total power consumed by the PGVCL and yet there is no reference and data/details are furnished on:



1. actual realization (amount in Rs.) and in percentage of total,
2. difference of amount realized and amount incurred for such agriculture power based on average Pooled Power Cost,
3. amount of agriculture subsidy actually incurred and due
4. computation of Agriculture subsidy amount proposed to be claimed from the Government.

Response of PGVCL

On the above issue, the Petitioner has stated as under:

1. Revenue from sale of Power from Agriculture category is Rs. 2150.87 Crore and it is about 21.18% of total Revenue from Sale of Power.
2. Difference of amount realized and amount incurred for such agriculture power based on average pooled power cost:
Average Pooled Power Cost for PGVCL is Rs. 5.31 per unit and amount realized from Agriculture category including subsidy Rs. 3.27/unit.
3. Amount of Agriculture Subsidy actually incurred and due:
PGVCL claimed Rs. 1733.03 Crore towards Agriculture Subsidy and received Rs. 1733.03 Crore as a receipt from GUVNL.
4. There is no pending claim for the Agriculture subsidy for FY 2014-15.

Specific Information on Agriculture subsidy:

1. Amount of subsidies as computed based on regulatory provision considered during last 5 years:

During last 5 Years, PGVCL raised the claim of Rs. 6895.66 Crore towards the Subsidy.
2. Actual agriculture subsidy amounts received from the Government during last 5 years:



During last 5 Years, PGVCL received of Rs. 6895.66 Crore towards the Subsidy from GUVNL.

3. Cumulative amount of subsidy due but not received from the Government:

No pending claim towards subsidy to be received from GUVNL.

4. Revise the Gap/ Surplus of Revenue under the proposal based on subsidy treatment in accordance with law as against arbitrariness evident from the data furnished under the petition:

Subsidy amount payable by the State Government for Agriculture category is recognized as revenue/ income once the claim is raised. It would be apt to mention that Books of Account of Distribution Companies don't show it as receivable and even if it is so it has no impact on tariff for any other categories as it is a receivable item in balance sheet.

Commission's Observations

The response of the Petitioner is self-explanatory.

Issue 5: Non recovery of Agriculture subsidy from the Government

M/s Surat Citizens Council Trust (SCCT) has stated GUVNL Annual Report on in its page 18 of 57 under table item no. 7 reads as under:

"There are no tariff roll back subsidies allowed during the year. However, various subsidies as claimed during the year by the Holding Company (GUVNL) are accounted by 4 Distribution Companies on accrual basis irrespective of receipt thereof. The outstanding balance of subsidy receivable from Govt. of Gujarat of Rs. 355077.02 lacs (Net Receivable) are shown under note no. 23 "Other Current Assets" of notes forming parts of consolidated statements...."

The Petitioners have been deliberately hiding such vital information in their petitions and illegally trying to recover higher tariffs from industrial consumers.

The Commission must take a serious view of repeated and deliberate aberrations going beyond law.



Response of PGVCL

Respondent has raised the issue regarding subsidy receivable from the Government for Agriculture category and its impact on reduction in the tariff for other category consumers. In this regard it is to submit that the subsidy claim of Distribution Company is booked on accrual basis in the books of Distribution Company and shown as a part of receipt from GUVNL. Therefore, it is not correct that outstanding subsidy in books of account of GUVNL has any impact on the tariff of other category of consumers.

Commission's observation

The Commission agrees with the response of the DISCOM.

Issue 6: Passing on Agriculture Subsidy Burden to Industrial/Other Consumers

M/s FOKIA has stated that:

1. It is observed from the data submitted that huge amount of under recovery is there in case of Agriculture category as against substantially higher recovery from Industrial consumers. No attempts are made under the proposal to adjust the tariffs to reduce the gap as mandated under the EA '03 and the Tariff policy. The Voltage / Category wise actual cost of Supply data is not furnished and revenue realized data for 2014-15 is not furnished under the Petition 1550/2015.

The HT consumers consume 28.95% power with the least cost of Supply but made to pay 43.32% of the total revenue and thus face the negative bias in Tariff setting. The Agriculture consumers with the highest Cost of Supply consume 29.98% power but recovery is limited to only 10.03% and seems to be unduly and illegally favoured.

2. There is one mandate (not implemented yet) viz. bringing all category tariff recovery minimum up to 50% of the realistic cost of supply. From the above data it is also clear that the Agriculture tariffs are still far below the 50% as mandatorily required.



3. Even after a decade since promulgation of the EA'03, the Agriculture Consumers recovery under the tariff is only about 25% of average recovery of all consumers which deserves specific attention and stern action by this Commission. Respondent expect due diligence, vigil and request ensuring up of holding the lawful provisions in regard to correct computation of subsidies, recovery in full of the same from the Government and then only decide the tariffs accordingly. Tariffs of HT Industrial category have been raised almost every year without commensurate / proportionate increase in the tariffs of subsidized categories mainly the Agriculture category and / or without commensurate increase in Govt. subsidies as lawfully required under the EA'03 / NEP.
4. Under the present state of affairs, it has become extremely necessary for this Commission to direct the Utilities to ensure recovery of their dues from the Government on time and also recover the Delay payment charges on par with other consumers so as to deter the Utilities from neglecting their duty in this regard. Moreover, such overdue amounts should also be adjusted against the Return on Equity (RoE) being admitted under the tariff proposal.
5. Referring to Page 34; Table 37 for Provisional Sales for FY 2016-17 and Table 38 for Revenue at Existing Tariff for FY 2016-17 of Petition, the revenue recovery from HT/EHT Industrial consumers of Rs. 6.98/Unit as against average recovery of Rs. 3.86/Unit works out to 180% of average recovery as against 120% permissible as per the Tariff Policy.
6. From the foregoing details it is very evident that Fixed Cost recovery as also total per unit recovery is already very high and need rationalization as it is absolutely arbitrary, unwarranted, absurd and illegal considering the provisions under the EA'03 and the National Tariff Policy directions in letter and spirit. The recovery is exorbitant/irrational and cannot be justified under any reason as also nowhere near the Cost of Supply/Service. It is also important to note that the "Time of Use" charge is shown as 0 (Zero) as against $0.75/2 = 0.25/\text{Unit}$ leading to suppressing high recovery under this category.



7. The Petitioner has proposed to continue the highly cross subsidized Tariffs and grossly overlooked the provisions under the EA'03 as also the National Tariff Policy which is also unjust, irrational and adversely affecting the Industries of the members of the Respondent. The Industry is already facing continued recessionary trends and stiff competition from other Industries elsewhere with much lower power cost as also industrial tariff.

Since recovery of Fixed Cost from Respondents category viz. the HT Industrial consumers is already very high with respect to other categories, cost of supply and also similar tariffs prevailing elsewhere, the same needs rationalization.

Response of PGVCL

No change is proposed for any of the Tariff category in the present petition. It is further to state that the National Tariff Policy mentions the need to have a rationalization of tariff to various consumer categories such that it is more aligned to the cost of supply and in a band of $\pm 20\%$ to the average cost of supply. However, while implementing the above, ground realities of the sector has to be kept in view.

One of the primary beneficiaries of the State's efforts to supply good quality, uninterrupted power is the Industries and commercial entities in the state. On the other hand, agriculture category is being supplied only limited power per day of about 8 hours. Further, mostly this power is supplied to them during off peak hours and during night time, when the average cost of power purchase from various generating stations is much lower due to the merit order stacking mechanism for power off take. In effect, the cost of supply to agriculture category would be much lower than to other categories enjoying power during peak hours also. Thus, it is natural that the tariff rates for agriculture should be lower than other consumer categories.

While, in the long run it would be desirable to have some rationalization of tariff across consumer categories, the socio-economic situation of power consumers cannot be neglected as supplying power at affordable rates to all classes of consumers is a primary responsibility of a power utility.

When most of the public serving utilities are working with the principle of subsidising some part of the consumers, it is not possible for the utility to bill a particular category



on the basis of cost to serve without changing the tariff of the other categories of consumers. Further, to ensure uniform tariff rates for all four state owned Distribution Companies, differential bulk supply tariff mechanism is in place.

Average realization from almost all categories for FY 2014-15 is within the $\pm 20\%$ to the average cost of supply. Many of the High Tension Consumers don't draw energy from the DISCOMs corresponding to their contract demand and preferred to draw from other sources. Similar phenomena have affected the projections for FY 2015-16 and considered for FY 2016-17 which has resulted in artificial increase in average realization for FY 2016-17, otherwise average realization from almost all the categories is within $\pm 20\%$.

Commission's Observations

The response of the Petitioner is self-explanatory. Further, the State Government also provides subsidy so that the Tariff to agriculture consumers is kept at lower rate.

Issue 7: Undue Litigations to Discourage Consumers seeking Justice

M/s FOKIA has stated that the Petitioners need be directed to furnish information regarding list of cases filed by the DISCOMs/PGVCL before the APTEL and the Supreme Court during last 5 Years, Judgments received, amount of expenditure incurred towards litigations including fees paid to the advocates etc. It is a general feeling amongst the member consumers that since the DISCOMs / PGVCL enjoys monopolistic position and all such legal expenses are pass through in the tariffs, the same is used to deter the consumers seeking justice against the arbitrariness and high headedness of the DISCOMs / PGVCL in preference to respecting the legitimate provisions and the judgments.

As a consequence of Utilities' / DISCOMs' above mentioned attempts and attitude getting unchecked, DISCOMs have boldly continued defying the EA'03, Regulations and candid instructions given under the Commission's specific letter dated 14th May 14 to all the MDs of the Utilities. Now it is observed that instead of respecting the law of land the Utilities have started time passing game by approaching APTEL as well as this Commission for review of lawful instructions and / or changing the laws / Regulation to continue and vindicate their wrongful actions.



The Respondent therefore requests the Commission to take serious note of all these actions and the attitude in totality as their attitude to continue to indulge in defying the law/regulations at any cost. This calls for firm and stern actions resorting to appropriate actions as envisaged under the EA'03 including action under Section 142 rather than allowing such unlawful and anti-people approach of the public institutions / PSUs and set an example for containing such approach.

As such, the DISCOMs / PGVCL are required to be directed by this Commission to first obey the regulatory orders and then only approach any other judicial forum and wait till the issue is decided and order passed by the authority.

Response of PGVCL

To protect the interest of Company and consumers at large, it is required to pray before appropriate judicial fora for the justice. It would be apt to mention that majority of the suits are "Civil Suit" to recover the pending dues from the consumers.

Order issued by any judicial fora is examined on the basis of merit as to whether to acquiesce with the order or to challenge it. If it is decided to acquiesce with any of the order which is general in nature, and not case specific, the procedure is implemented even in other similar kind of matters.

Commission's Observations

The Commission takes decisions based on the provisions of various Acts and Regulations and after detailed scrutiny and prudence check by giving opportunities to all the stakeholders to make their representations. The judiciary process provides for approaching the higher forum if either parties is not satisfied with the decision of the Commission.

Issue 8: Lower Energy Sale considered for FY 2016-17

M/s FOKIA has stated that table 37 on page 34 shows energy Sale considered as 20,028 MUs as approved for 2014-15. It is not clear why 5% increase per year with respect to FY 2014-15 figures cannot be considered. Based on GDP growth rate as also development rate of about 7%, considering energy sales figures of FY 2014-15 for FY 2016-17 is not justified.



For FY 2016-17 Energy Sales figures need be projected based on Actual FY 2014-15 energy sale of 19,957.71 MUs by due extrapolation for subsequent years. Moreover, with stringent measures of reducing Open Access power permissions under the frivolous reasons as has been observed in the recent past, the Industrial sales need be considered with commensurate increase. Similarly, the Agriculture consumption should reflect downward trend as a result of insistence and incentivizing for energy conservation measures like drip irrigation system, Solar and/or efficient Pumps and expansion of irrigation facilities with Narmada water. Etc.

Response of PGVCL

As per the directive of the Commission, petition is filed considering approved ARR of FY 2015-16 as Provisional ARR for FY 2016-17. Therefore, energy sale to different categories of consumers has been considered accordingly at existing Tariff.

Commission's Observations

The petition has been filed as per the decision of the Commission in the Suo Motu Petition No. 1534/2015.

Issue 9: Transmission and Distribution losses

M/s FOKIA has stated that comparing Annual Report of PGVCL and the Tariff Petition, it is observed that the losses show increasing trend in spite of adding networks costing Crore of rupees which get capitalized every year. Moreover, the HT/LT network ratio also shows improvement. Despite these facts, instead of showing decreasing trend for T&D Losses, the increasing trend for the losses need be explained and measures for containing pilferage of power need be tightened effectively.

Response of PGVCL

Company takes various steps for reduction of Distribution Loss. Company makes all efforts for reduction of Distribution losses and ensures that Loss reduction trajectory as approved by the Commission shall be followed and at the end of the control period shall, at least, achieve approved Distribution loss level.

Company has achieved a significant reduction in distribution losses, during recent years. These efforts shall continue and will be enhanced. However, loss reduction is



a slow process and becomes increasingly difficult as the loss levels go down. There is overall reduction in Distribution Loss of all categories of feeders. Distribution Loss of Agriculture category is highly influenced by the amount and spells of rainfall etc. particularly during monsoon season. However, with the continuous efforts and expeditious release of new connections, the loss of Agriculture category has also reduced. Distribution loss is a controllable factor and treatment for the deviation is given accordingly while computing the revenue gap for FY 2014-15.

Commission's Observations

PGVCL has achieved distribution loss reduction over the years. However, this being a continuous activity, PGVCL shall put in sustained and concerted efforts to reduce the losses to target level. PGVCL is directed to reduce the losses to target level.

Issue 10: Development of Transmission Network to Ensure Power Supply as per the "Merit Order"

M/s FOKIA has stated that respondents have noticed that during last few years, power supply received by the consumers of PGVCL area is not being procured as per the Merit Order Dispatch criteria decided by the Commission on account of inadequate capacity of relevant transmission network. This has resulted into inordinate increase of power purchase cost and consequently the FPPPA charges. Moreover, it is observed that in last few year, substantial generation capacity is tied up and few more generating plants such as Dhuvaran — 360 MW CCPP # III, Sikka TPS 2 x 250 MW, Bhavnagar 2 x 250 MW Lignite TPS along with Central Sector Stations are poised to get commissioned soon. However, Transmission and Distribution network commensurate with these generating capacities does not appear to be in place in time as required.

Looking to the Generation capacity of the order of about 30,000 MW, large number of Transmission / Distribution lines and S/Ss are getting overloaded and remain in operation in overload conditions for sustained periods, particularly at the level of only 50 % of the Gujarat/GETCO System load (say 14,000 MW), raises serious question about the network capabilities and its preparedness to face the contingencies as per the Grid Code requirements.



It must be appreciated that it is not enough to just be able to evacuate the power generated but the Distribution network should also keep a pace with such capacity additions to be able to ensure reaching power to the ultimate destination i.e. the consumer end complying with the Merit order requirement.

Response of PGVCL

Transmission network is developed by Transmission Company as per the requirement and in consultation with the Distribution and Generation Companies.

Distribution network is extended and expanded as per the requirement either to cater new demand or to meet the performance or technical standards.

Commission's Observations

Strengthening of the distribution network is a continuous activity and PGVCL has been making investment every year in this activity. As such there is no constraint for strengthening the distribution network to improve quality of supply and reduce distribution losses.

Issue 11: Reduction in Tariff rates

M/s New Kandla Salt & Chemical Co. P. Ltd has requested that the DISCOM may be asked to reduce the tariff rates for supply of electricity from the second quarter of 2016 to provide relief to the consumers, as reported in the press, particularly when the scenario in the electric sector has now changed.

Response of PGVCL

Since distribution companies are having 'Universal Service Obligation' under the Electricity Act 2003 to supply power to all the consumers. Distribution Companies have tied up long term power agreements through state owned generating stations, central generating stations, IPPs etc. following the provisions relevant Policy, regulations, guidelines etc.

Tariff for purchase of power, provided in PPAs, is in 2 parts (i) Fixed Charge-paid based on availability of generating station, (II) Energy Charges - based on actual off-take of power from generator. As the PPAs have already been signed, the



distribution companies have to make payment of fixed charges based on availability of generating stations.

The tariff of power available in spot market as mentioned in news item, is generally at regional periphery. If this power is purchased from the spot market, additional operational charges, transmission charges are also get added besides the issue like congestion in Intra- State transmission system. Moreover, Take or Pay penalty, obligation under fuel supply agreement is also required to be considered for the purpose of purchasing power from various power stations. Contract of spot market are on day to day basis and not firmed up.

It is pertinent to state that, Distribution Companies are purchasing power under merit order protocol. Accordingly, cheaper power is scheduled first and thereafter costlier power till the demand of Distribution Companies is met irrespective of ownership of plant. In view of this, Distribution companies are scheduling power from cheaper power from tied up capacity.

Commission's Observations

Response of PGVCL is self-explanatory. The tariffs are determined by the Commission after detailed scrutiny and prudence check.

Issue 12: Employee cost and A&G charges

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that the employee cost (Rs. 578.02 Crore) is always higher than the allocation (Rs. 531.74 Crore). Last year the difference was nearly 29%. This year the difference in % is less but the same is Rs. 47 Crore. It is not understood that why the actual cost is more than budget for all years. The projected salary and perks are fixed for a particular year. The reason behind benefit to distribution company's employees at par or more than the state employees is not explainable. In all MYT proposals the expense on employee is always more than the approved. GERC should take steps to curb this practice.

The actual Administration and General charge are also always higher than the approved expense. In other word PGVCL has priority for own comfort than the consumers.



Response of PGVCL

Growth rate of PGVCL in terms of numbers of consumers is more than 4%. Moreover, Company has ambitious Capital Expenditure Plan and since last two years more than 1200 Crore have been spent under this head. During the year 2014-15 PGVCL spent more than Rs. 1570 Crore as a capital expenditure under various heads. PGVCL has adopted HVDS for releasing new Agricultural connections since 2009-10. All these activities necessitate corresponding increase in employee and A&G expenses. Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses etc. Expenses incurred under this head by the Company is mainly due to following the guidelines issued by Competent Authority like State Government. Hence, the entire expenditure estimated by the company is a legitimate expenditure and any variation is purely beyond its control.

Commission's Observations

The response of PGVCL is self-explanatory. Expenses are allowed after detailed scrutiny and prudence check.

Issue 13: Capital Expenditure and Consumer Contribution

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that the money spent on ND work is fully recovered from the consumer who had asked for the power. So it is requested to remove that item from the expenditure as the collection from consumer is always more than the expense made on that consumer.

Response of PGVCL

At table 14 of the petition, funding of Capital Expenditure is mentioned. It can be visualized that against the total Capitalization of Rs. 1625.78 Crore for FY 2014-15, consumer contribution was Rs. 308.20 Crore. Same has been deducted from CAPEX while calculating of fund requirement.

Commission's Observations

The consumer contribution is accounted towards capital expenditure and to that extent the borrowings for capital expenditure is reduced thereby minimizing the burden of interest payment on the loan.



Issue 14: Distribution Loss

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that the highlight of the ARR is poor performance in reducing the T&D losses by PGVCL administration. This time the T&D losses are in fact increased than the approved losses by GERC.

It is nearly double that of MGVCL and more than 2.5 times the losses of UGVCL and DGVCL. It is shameful for PGVCL that the technical and distribution losses are not controlled by the company. The UGVCL & DGVCL had shown brilliant performance by reducing the T&D losses while PGVCL had continued the poor performance year by year under disguise of fabricated reasons.

All schemes which can contribute in lowering T&D losses are given last priorities. SCADA is not given any priority since years. This resulted in increasing the loss which is very high compared to all other DISCOMs of Gujarat. It is promised that SCADA / DMS work will be completed by December 2015. No completion report is submitted.

The high profile HVDS scheme fetched no result so far. With so much of work and budget spent in providing HV distribution centre, the T&D losses are not even marginally reduced. In fact, the losses are increased. The results indicate that the high T&D losses are attributed more to commercial losses and PGVCL had miserably failed in curbing theft and tried to window dressing the facts.

Response of PGVCL

Company takes various steps for reduction of Distribution loss. Company makes all efforts for reduction of Distribution losses and ensures that loss reduction trajectory as approved by the Commission shall be followed and at the end of the control period shall, at least, achieve approved Distribution loss level.

Company has achieved a significant reduction in distribution losses during recent years. These efforts shall continue and will be enhanced. However, loss reduction is a slow process and becomes increasingly difficult as the loss level goes down. There is overall reduction in Distribution Loss of all categories of feeders. Distribution Loss of Agriculture category is highly influenced by the amount and spells of rainfall etc.



particularly during monsoon season. However, with the continuous efforts and expeditious release of new connections, the loss of Agriculture category has also reduced. Distribution loss is a controllable factor and treatment for the deviation is given accordingly while computing the revenue gap for FY 2014-15.

SCADA helps in plugging pilferage points, better power supply management through faster identification of faults & early restoration, proper metering, strategic placement of capacitor banks & switches and proper planning & designing of distribution networks. SCADA is to be implemented through SCADA Implementation Agency (SIA). SIA has to be finalized in consultation with PFC. SCADA implementation Progress is reviewed, monitored and shared with PFC. As per present status, SCADA shall be implemented by March, 2016.

To eliminate low voltage distribution and to have better voltage profile as well as for reduction in Technical loss and associated commercial loss company has adopted High Voltage Distribution System by erecting small capacity Distribution Transformers matching with the connected load of individual consumer or very small group of consumers in phased manner. HVDS has helped in increasing the reliability of power supply besides reduction in Distribution Loss.

Commission's Observations

Comparison of Distribution Loss reduction in other DISCOMs with PGVCL is not correct as PGVCL has huge rural network with different mix of consumers. Despite the fact, PGVCL has achieved distribution loss reduction over the years. However, this being a continuous activity, PGVCL shall put in sustained and concerted efforts to reduce the losses to target level. PGVCL is directed to reduce the losses to target level.

Issue 15: Revenue Gap / Surplus of FY 2009-10 to FY 2010-11

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that the Commission did not consider the revenue gap of FY 2009-10 to FY 2010-11 so far. The same should not be considered now also.



Response of PGVCL

The suggestion is to the commission.

Commission's Observations

The Commission has examined the issue and appropriate decision is taken.

Issue 16: Change in base from KW to KVA for LTMD Consumers

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that it is proposed to change the demand charges for LTMD consumer from per KW per month to per KVA per month. We strongly oppose this move.

As per GERC Notification No. 4 of 2015 new supply code definition (20), the power factor should be considered as 0.9 for any conversion from KVA to KW. In the proposal they have considered power factor of one which is against the GERC Notification 4 of 2015. It is stated that power factor of the system is governed by the nature of the load.

The motor load and distribution transformer both are inductive in nature. The distribution transformers are not provided with any compensatory capacitors to improve power factor of the system. Most of the HT consumers are maintaining 0.98 plus power factor and same can be confirmed by the bills of the HT consumers. It is also mandatory for LT industrial consumers to provide the capacitors as per their connected load before supply is connected. The last category which is not covered by the regulation is agriculture and lighting connection. So the only motive behind converting demand charges of LTMD consumers which are governed by KW demand to KVA demand is to abstract more money from them as demand charges.

In 5.2.4 it is stated that overall power factor of the system will be improved by converting maximum demand charges from KW to KVA should be explained technically by PGVCL as this will be a revolutionary innovation by any one.

Response of PGVCL

Many of the stakeholders represented before the Commission to shift the base from "KW" to "KVA"/ "KWh" to "Kvah". Private utility in the State has a tariff structure for LTMD category as proposed.



“KVA” is a ratio of “KW” to “Power Factor”. “Unity” power factor is the best power factor. Thus, at Unity Power Factor, KVA is equal to KW. Power factor of the system is governed by the nature of Load. Generally low power factor is caused by the highly inductive load on the system. Due to low power factor actual working component of the power gets reduced leading the system to overloading, higher line losses, voltage dips. Power factor can be corrected and maintained by Power Factor correction equipment like “Shunt Capacitor” etc.

By changing the demand charges for “LTMD” category of consumers from “per kW per month” basis to “per kVA per month” basis, the company expects that this category of consumer shall improve their “Power Factor” and thus the overall power factor of the system will be improved & due to this, the system will be more reliable, will have less maintenance due to breakdown, overall increase in system capacity, lesser voltage drop and reduction in T&D losses.

Commission’s Observations

The suggestion of the stakeholder has been examined and appropriate decision is taken.

Issue 17: Segregation of LT and HT losses and determination of wheeling charges

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that the DISCOMs should initiate a study on the segregation of HT & LT losses and submit a report by September 2015. In response to the GERC directives, PGVCL and all DISCOMs of Gujarat had come up with a report published by EPRI USA in 2008 and the losses shown are based on distribution system of USA.

Objector has suggested to determine wheeling charges considering the actual losses at 11 kV voltage level.

Response of PGVCL

Regarding the directive for “Segregation of HT & LT Losses” it is to state that “EPRI” study provides for the proportionality of the total losses in various elements of T&D



system and same proportion is used for segregation of technical losses calculated by the Company for its Distribution Network, among various elements of Distribution System.

Company has adopted HVDS. Absolute value of the Distribution losses reduces with the increase in High Tension Distribution system and decrease in low tension Distribution system. However, in terms HT/LT losses ratio, the same will increase in line with the increase in HVDS as the energy transfer from High Voltage System to low voltage side gets reduced. Distribution Loss approved by the Commission includes the Loss occurred in both HT & LT network. Therefore, it is proposed to segregate HT and LT Distribution Loss on the basis of HT/LT length ratios of previous year i.e. FY 2014-15.

Commission's Observations

The Commission has noted the response of PGVCL. It is well known that with HVDS the overall technical losses will come down and pilferage of energy by tapping LT lines will be eliminated. However, PGVCL is directed to conduct energy audit and submit a sample energy audit report for different category of feeders having different HT:LT ratios.

Issue 18: Reflection of decrease in fuel price in the petition

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Re-rolling Mills Association have stated that the fuel cost is decreasing worldwide and the same is not reflected in the tariff proposal. The loss is created by window dressing of accounts. The loss occurred before 3-4 years and claim rejected have reappeared in tariff proposal for the reasons known to PGVCL. So at this stage the energy charges are required to be reduced.

Response of PGVCL

ARR and Tariff Petition is filed following the GERC (Multi-Year Tariff) Regulations, 2011 and directions issued by the Commission time to time.



Regarding variation in the fuel price it is to submit that increase or decrease in Power Purchase cost is adjusted through FPPPA/PPPA and gets trued-up on completion of financial year.

Commission's Observations

Variation in fuel price is reflected in FPPPA charges and benefit is being passed on to the consumers. FPPPA calculations submitted by the utilities are examined and after detail scrutiny the same is approved with or without reduction.

Issue 19: Excess Demand charges

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that an HT consumer with less than 500 KVA load will pay huge penalty compared to CD of more 1000 KVA load. This is an unfair practice and should be stopped as overloading of the system is having same effect on the Distribution system irrespective of contract demand of the consumer.

So considering above argument, the demand charges of excess demand should be in terms of percentage increase of the regular demand charges. 20% should be a reasonable figure. A customer should be charged for 20% more than the regular demand charges for the excess demand recorded more than the contract demand.

Response of PGVCL

No change is proposed in any of the Tariff Categories. As regards to suggestion to link the excess demand charges to the normal demand charges based on its contract demand, it is to submit that any consumer using excess load in excess of its contract demand causes the same effect on the Distribution System irrespective of its contract demand, therefore excess demand charges should not be linked with the normal demand charges.

Commission's Observations

Levy of charges for exceeding demand is a penal provision and acts as a deterrent.



Issue 20: Levy of Electricity Duty

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that the electricity duty is levied on sale of electricity. By no logic the same can be levied on demand charge which is not a sale charge. The argument is endorsed by distribution companies as they do not charge electricity duty when the electric consumption is zero and only demand charge is levied in the invoice for HT industrial connection. In the duty collector notification at no place it is mentioned that electricity duty should be collected on demand charges. The collector of electricity duty had not issued any instructions to collect electric duty on fixed charges also. And if any such instruction is passed the distribution company should reply accordingly. We also want explanation regarding non-collection of electric duty when energy charges are zero.

This is very important matter and Crore of rupees of consumers are wrongly collected. We had raised this point in earlier MYT proposals but no reply is given regarding the same. GERC should give its opinion in the matter and instruct DISCOMs to take remedial measures.

Response of PGVCL

It is suggestion to the Commission.

Commission's Observations

Electricity duty is levied by the State Government and outside the jurisdiction of the Commission.

Issue 21: Time of Use Charges

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that it is mentioned that in print No. 13.3 *"For energy Consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs"*

In the Tariff Order dated 31.03.2015 it was mentioned that the issue of change in designated peak hours shall be examined by the Commission separately.



No action is initiated by the Commission or DISCOMs in the matter. So Gujarat Granito Manufacturers Association had filed a review petition No. 1506/2015 which is pending.

Response of PGVCL

Cost of supplying power at peak hours is significantly higher and network requirement for peak hour supply is also high. Thus, tariff structure is devised recognizing this fact and allow recovery at higher rates for peak hour use.

As regards to morning peak, it is to state that two peak hours time zones are in place since very long, therefore, the consumers' consumption pattern has been set accordingly. It is natural that as Morning sets, the domestic loads get added in the System and also "Commercial", "industrial" loads etc. Consumers governed by the "Time of Use Charges" also set their consumption pattern accordingly. Therefore, present "Load Curve" reflects the present consumption pattern and behaviour of the consumer. Any change in the peak hour time zone shall change the consumption pattern and accordingly "Load Curve" will also change. Therefore, present peak hours time zones are appropriate and need not to change.

Commission's Observations

The response of PGVCL is self-explanatory. Since the present Load Curve is controlled due to defined peak hours it does not reflect the unrestricted peak demand during these hours.

Issue 22: Restoration of PF incentives @ 1% and consideration of ToU Charge and FPPPA charges for calculation of rebate

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that

As per Clause 13.6 (2) (a) of the tariff proposal, the power factor rebate is given at ½% of energy charge; on maintaining PF above 0.95. No rebate is granted for maintaining PF between values of 0.90 to 0.95. The penalty @ 1% of energy bill is levied if PF is between 0.85 to 0.90, and at the rate of 2 % if the PF is less than 0.85.



The logic behind reducing the rebate from 1% to ½% is never understood by anyone. In almost all electric supply companies of India are providing some or the other incentives for increasing and maintaining good PF. The rebate at original rate of 1% of energy charges should be again reinstalled with total energy cost consideration and at the same time the penalty should be reduced as one can observe from the report that only accidental phenomenon reduces PF to less than 0.9 in practically all cases.

The DISCOMs are always quoting an old case of 2007, but now the time has come to review all ritual charges to realistic one. The matter should be reviewed with the need of the day to have unity Power factor of the system by providing enough encouragement to the consumers.

Response of PGVCL

The power factor incentive rate of 0.5% is fixed by the Commission in Review Petition no 1, 2 & 3 of 2007 filed by Western Railway after a lot of discussion & deliberation from both the sides.

As regards to suggestion to consider total “Energy Cost” for calculation of rebate, it is to state that “Energy Cost” is not defined anywhere. Higher incentive towards the Power factor correction may lead to over compensation which will influence the Voltage Profile of the System, particularly when the overall voltage profile has improved primarily due to increased Generation across the State. Moreover, the rebate on better power factor is given since long and, therefore, the cost incurred by the consumer for power factor correction should have been recovered by this time.

Thus, present provision of giving rebate or penalty on the basis of charges proposed under the head “Energy Charges” in the Tariff Schedule annexed to the present petition is appropriate.

Commission’s Observations

PF rebate is being given to incentivise the consumers to install and maintain the capacitor banks for maintaining power factor. Historically, the rebate offered through tariff schedule is based on energy charges arrived at, using energy charge rate given in the tariff schedule. Any revision in the energy charge in the tariff schedule takes



care of change in the cost of installation and maintenance of the capacitor banks installed by the consumers. It is likely that by linking the rebate with FPPPA and ToU charges the cost of capacitor banks and maintenance thereof may get over compensated. The rebate offered through tariff schedule is for maintaining power factor within prescribed limit and incentivising the prospective consumers for installation of capacitor banks.

Issue 23: Night Charge Benefit on entire Consumption

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that as per Clause 13.10 of the tariff proposal, the night charge benefit is given after deducting one third of total consumption at the same time the peak hour charges are collected on the total unit consumed during so called peak hours. So a unit which is running 24 hours with nearly same load has to shell out 35 or 75 paisa per unit for 8 hours of its operation titled under peak hours but at the same time it will not get a single rupee benefit for the unit used in night hours 10.00 pm to 6.00 am next day if it is running at steady load. This is unreasonable and illegitimate.

If the DISCOMs are getting costlier electricity rates in the peak hours than normal, it is also fact that the power is cheaper during night. So the night energy benefit should be extended to all units consumed using power during night hour.

Also, the peak hours shown by PGVCL in tariff proposal, by definition itself is under question. On the false claim and ritual concept, the DISCOMs are getting dual benefit. One is false peak hour and second by not giving rebate when power is really cheaper.

It is requested to instruct PGVCL to reply this point with load data and rate of power with fluctuation in rate during 24 hours cycle.

Response of PGVCL

There is a special category for the high tension consumers for utilization of power exclusively during night hours having reduced energy charge.



Sheer objective of giving night benefit to the consumer is to shift their demand to off peak hours and thereby to help the grid as well as to flatten the demand curve of the utility. But the consumers who are otherwise of continuous nature or as a part of their process they consume power during night hours cannot be considered to have made additional efforts to shift the load from peak hrs. Therefore, the night hours concession is given on the energy consumption during night hours in excess of one third of the total energy consumption of particular month.

Commission's Observations

The Commission has taken an appropriate view and accordingly considered the same.

Issue 24: Condition for HTP-IV Consumer

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that it is suggested in the tariff proposal that 10% of the total units consumed or 15% of the contract load can be availed beyond prescribed hour in place of 10% of the total units consumed and 15% of the contract load can be availed beyond prescribed hour.

The reason behind this change is not explained in the tariff proposal. As many of our member units are consumers under HTP IV tariff, we seek following clarification from PGVCL.

- What is the difference between existing and proposed tariff note for HTP-4?
- The total units consumed related to which period.
- What should we control during time beyond prescribed hour, unit or demand?
- What will be the resultant tariff if the demand is increased / units are increased / both are increased?

Response of PGVCL

Condition mentioned under the HTP-IV category for availing 10% of total units consumed or 15% of the contract demand beyond the prescribed hours for the purpose of maintenance is mainly to clarify the present requirements. HTP-IV consumers have to observe every month regarding their energy consumption as well



as their “Demand” beyond the prescribed hours and breach in any of the components leads to bill such consumer at HTP-I tariff rate for relevant billing period.

Regarding suggestion for removal of condition for the consumption beyond prescribed night hours it is to state that basic objective of HTP–IV category is to incentivize the HT consumers to shift their consumption to night hours. Any further relaxation for the consumption beyond prescribed night hours shall defeat the sheer objective of the HTP–IV category. Therefore, no further relaxation is required in the limit prescribed for the energy consumption beyond prescribed night hours.

Commission’s Observations

The Commission has examined the issue and taken appropriate decision.

Issue 25: Option to switching over from HTP-I to HTP–IV

M/s Gujarat Granito Manufacturer's Association, M/s Bhavnagar Induction Furnace Development Association and M/s Sihor Steel Rerolling Mills Association have stated that the option to exercise to switchover from HTP-1 to HTP-4 should be increased to 3 times from 2 times per calendar year, considering the recession and market trend in the industries. The proposal will not result in any revenue loss or technical constraint for PGVCL but at the same time the industrial consumer can recover some losses when market is positive by more production.

Response of PGVCL

As regards to increase in Option for switching over from HTP-I to HTP–IV from two times to three times, it is to submit that generally 11 KV onwards, system is designed and planned according to actual load established on the existing system. Frequent change in option may result in variation in “Technical Parameters” of the Distribution system and ultimately affects the power supply management. Therefore, it is not advisable to increase the option for switching over from HTP–I to HTP-IV.

Commission’s Observations

The Commission agrees with the response of the Petitioner. Hence, no change in Tariff condition is contemplated.



Issue 26: Implementation of Regulations issued by GERC

M/s The Kutch Salt & Allied Industries Ltd have stated that

1. To have proper follow-up action and attain aims & objects of the Regulations framed by GERC, we propose that a dignitary at the concerned offices of PGVCL may be made responsible for timely implementation of the relevant Regulations, failing which he/she may be made subject to penal action / charges to be chalked out, suitably by GERC, hereafter.

2. Amendment to Clause no 4.9 is substituted in the Principle Regulations vide Security Deposit (Second Amendment) Regulations, 2015, which reads as under:

"... If the Security Deposit of a consumer is found to be in excess of more than 10% of the required Security Deposit, refund of the excess Security Deposit shall be made by adjustment in next electricity bill."

The aforesaid provision is clear to refund of the security deposit by adjustment in the next electricity bill but there is no assignment of accountability of a designated officer, if he fails to attend the said work in time for the reasons not known clearly.

To overcome such problem of lethargy or non-compliance of regulation in time, by the office of PGVCL, disciplinary action or penal charges may be stipulated for recovery suitably.

3. As far as recovery of additional amount of SD is concerned the PGVCL is prompt to issue notice to a consumer to pay the same within 30 days from the date notice issued by the licensee, whereas, in case of refund, the licensee does not bother to attend to the pending case, as no accountability is determined for such negligence or attitude by the concerned staff. If the case is screened by the office of GERC to have a correct picture, we believe, 90% cases in respect of HT consumers towards refund of balance amount of excess security deposit might be resting with the various Division Offices in Paschim Gujarat for disposal, which is a sorry state of affairs.



Response of PGVCL

The respondent has made submission on an isolated and operational issue which has no relevance to the present petition filed by the Petitioner. The Petitioner would like to submit that the petition is filed in line with the GERC (Multi-Year Tariff) Regulations, 2011 under the provisions of the Electricity Act, 2003. However, Company will look into the representation and deal with it appropriately.

Commission's Observations

The representation of the objector is not the subject matter of the present petition.



4. Truing up for FY 2014-15

PGVCL, in its submission for True-up for FY 2014-15, has furnished the actual energy sales, expenditure and revenue for FY 2014-15, based on the audited annual accounts for FY 2014-15. The licensee has stated that the truing up for FY 2014-15 is based on the comparison of the actual performance of the FY 2014-15 with the approved aggregate revenue requirement for FY 2014-15 in the Mid-term Review Order dated 29th April, 2014, to arrive at the Gains/(Losses), as per the GERC (MYT) Regulations, 2011.

The Commission has analysed the components of the actual energy sales, expenses, revenue and computed Gains/(Losses) in the process of truing up for FY 2014-15.

4.1 Energy sales

Licensee's Submission

The licensee has submitted the category-wise actual energy sales for FY 2014-15, as given in the Table below:

Table 4.1: Category-wise Actual Sales for FY 2014-15

Sl. No.	Particulars	Sales (MUs)	
		FY 2014-15 (Approved in MTR Order)	FY 2014-15 (Submitted in Truing up)
A	LT Consumers		
1	RGP	3279.00	3290.89
2	GLP	102.00	93.65
3	Non-RGP & LTMD	3360.00	2975.40
4	Public Water Works	646.00	596.94
5	Agriculture – Unmetered	4081.00	4358.47
6	Agriculture – metered	1807.00	2209.55
7	Public Lighting	88.00	88.68
	LT Total (A)	13363.00	13613.59
B	HT Consumers		
8	Industrial HT	5580.00	6344.12
9	Railway Traction	0.00	0.00
10	HT Total (A)	5580.00	6344.12
	Grand Total (A + B)	18943.00	19957.71



Commission's Analysis

The Commission, in the MTR order dated 29th April, 2014, had approved the energy sales of 18943 MUs for FY 2014-15. As against the above, PGVCL has submitted the actual sales of 19957 MUs. The projected actual energy sales are higher by 1014 MUs, compared to the sales approved in the MTR order dated 29th April, 2014. There is an increase in sales to HT Industry by 764.12 MUs and agriculture by about 680 MUs. There is decrease in the GLP, Non RGP and Public Water Works.

The Commission approves the energy sales of 19957.71 MUs for FY 2014-15, as detailed in the Table below:

Table 4.2: Energy sales approved in the truing up for FY 2014-15

Sl. No.	Particulars	Sales (MUs)		
		FY 2014-15 (Approved in MTR Order)	FY 2014-15 (Submitted in Truing up)	FY 2014-15 (Approved in Truing up)
A	LT Consumers			
1	RGP	3279	3290.89	3290.89
2	GLP	102	93.65	93.65
3	Non-RGP & LTMD	3360	2975.40	2975.40
4	Public Water Works	646	596.94	596.94
5	Agriculture – Unmetered	4081	4358.47	4358.47
6	Agriculture – metered	1807	2209.55	2209.55
7	Public Lighting	88	88.68	88.68
	LT Total (A)	13363	13613.59	13613.59
B	HT Consumers			
8	Industrial HT	5580	6344.12	6344.12
9	Railway Traction	0	0.00	0.00
10	HT Total (A)	5580	6344.12	6344.12
	Grand Total (A + B)	18943	19957.71	19957.71

4.2 Distribution Losses

Licensee's Submission

The licensee has submitted that the actual distribution losses for FY 2014-15 are 24.61%, as against the approved level of 24.00% in the Tariff Order for FY 2014-15. It has been submitted by the licensee that, as per GERC (MYT) Regulations, 2011 the distribution losses need to be treated as controllable and any gain or loss has to be dealt with accordingly, as per provisions of GERC (MYT) Regulations, 2011.

Commission's Analysis

PGVCL has submitted that the actual distribution losses are 24.61% for FY 2014-15, as against 24.00% considered in the MTR order dated 29th April, 2014, for FY 2014-15.



The Commission considers distribution losses as controllable, as per GERC (MYT) Regulations, 2011. Accordingly, the Commission considers the distribution losses of 24.00%, approved in the MTR Order for the truing up of FY 2014-15, as shown in the Table below, for computation of gain/(losses) due to variance in distribution losses.

Table 4.3: Distribution Losses considered for truing up for FY 2014-15 (%)

Particulars	FY 2014-15 (Approved in MTR Order)	FY 2014-15 (Actual)	FY 2014-15 (Considered in True-up)
Distribution Losses	24.00	24.61	24.00

4.3 Energy Requirement

Licensee's Submission

Based on the actual energy sales for FY 2014-15 and the actual distribution losses for FY 2014-15, the licensee has submitted the energy requirement for FY 2014-15, as given in the Table below:

Table 4.4: Energy Requirement and Energy Balance, as Submitted by PGVCL for FY 2014-15

Sl. No.	Particulars	Unit	FY 2014-15 (Approved in MTR Order)	FY 2014-15 (Submitted in Truing up)
1	Energy Sales	MUs	18943.00	19957.71
2	Distribution Losses	MUs	5982.00	6514.91
		%	24.00%	24.61%
3	Energy Requirement	MUs	24925.00	26472.62
4	Transmission Losses	MUs	1071.04	1034.14
		%	4.12%	-
5	Total Energy to be Input to the Transmission System	MUs	25996.04	27506.77
6	Pooled Losses in PGCIL System	MUs	520.00	467.81
7	Total Energy Requirement	MUs	26516.04	27974.57

Commission's Analysis

PGVCL has computed the energy requirement, based on the actual distribution losses of 24.61%, actual energy sales of 19957.71 MUs and considered transmission losses of 1034.14 MUs.

To arrive at energy requirement, the Commission has considered distribution loss as 24.61% as submitted by PGVCL and transmission loss at 3.76% as per SLDC for FY 2014-15.



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It can be seen from the Table 4.4 above that the percentage distribution losses are marginally more than those considered in the MTR Order. The percentage transmission losses are lower than those considered in the MTR Order.

The Commission has computed the energy requirement of PGVCL for FY 2014-15, based on the energy sales, approved by the Commission, as shown in the Table below:

Table 4.5: Energy Required / Procured Approved by the Commission for Truing up for FY 2014-15

Sl. No.	Particulars	Unit	FY 2014-15 (Approved in MTR Order)	FY 2014-15 (Actuals submitted in the petition)	FY 2014-15 (considered for truing up for the purpose of energy requirement)
1	Energy Sales	MUs	18943.00	19957.71	19957.71
2	Distribution Losses	MUs	5982.00	6514.91	6514.91
		%	24.00%	24.61%	24.61%
3	Energy Required at distribution periphery	MUs	24925.00	26472.62	26472.62
4	Transmission Losses	MUs	1071.04	1034.14	1034.26
		%	4.12%	-	3.76%
5	Total Energy to be Input to Transmission System	MUs	25996.04	27506.77	27506.88
6	Pooled Losses in PGCIL System	MUs	520.00	467.81	467.81
7	Total Energy Required / Procured	MUs	26516.04	27974.57	27974.69

4.4 Power purchase cost

Licensee's Submission

The licensee has submitted that the company has been allotted share of generation capacities, as per the scheme worked out by GUVNL.

During the year, based on the requirement of power, the generation capacities have been allocated to PGVCL. In order to minimise power purchase cost GUVNL adopts the merit order dispatch principles for despatching power from the generating stations based on the demand and accordingly power gets allocated to PGVCL. The actual power purchase from GUVNL is different from allocation because the demand from PGVCL is not constant and varies from time to time.

The total power purchase cost of PGVCL for FY 2014-15 consists of the basic power purchase cost, transmission charges payable to GETCO and PGCIL, SLDC charges



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and the DISCOM's share of GUVNL cost. Based on the same, comparison of the approved and actual power purchase cost, as submitted by PGVCL, is as shown below:

Table 4.6: Net Power Purchase Cost for FY 2014-15

(Rs. Crore)

Particulars	Approved in MTR Order	Actual submitted
Total Power Purchase Cost	8399.90	9217.17

Power Purchase Cost given above is the net power purchase cost after considering the net UI Charges Payable/receivable and the revenue from sale of power to GUVNL. PGVCL has submitted the actual power purchase cost during FY 2014-15, as shown in Table below:

Table 4.7: Power purchase cost submitted by PGVCL for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	FY 2014-15 (Approved in MTR Order)	FY 2014-15 (Actual)
A	Cost		
1	From GUVNL		10032.82
2	Unscheduled Interchange Power Purchase		28.16
3	From Wind Farm		30.72
4	Solar Power Purchase		9.13
5	Reactive Energy Charges		0.13
B	Income		
1	Sale of Power to GUVNL		829.90
2	Unscheduled Interchange		53.88
	Net Power Purchase Cost	8399.90	9217.17

It has been submitted by PGVCL that the variation in the power purchase cost approved any the Commission and the actual power purchase expenses is on account of various reasons. These include change in cost of power, change in quantum of power purchased, consequent changes in the transmission charges payable and GUVNL cost allocation.

The quantum of power purchase depends upon the sales during the year as well as the losses in the system. The actual distribution losses in PGVCL distribution network have been slightly higher than the approved level and the sales also were higher than that approved by the Commission and hence, the quantum of power purchased was higher than the approved quantum of power required.

As per the MYT regulations, the Commission has categorized the variation in the price of fuel and/ or price of power purchase according to the FPPPA formula



approved by the Commission as an uncontrollable factor. Further, the Commission has also identified the variation in the number or mix of consumers or quantity of electricity sold to consumers as an uncontrollable factor. Thus the variation in the above factors affects the power purchase expenses and results into either a loss or gain. Accordingly, any gain or loss on this account is to be entirely passed on to the consumers as per the methodology approved by the Commission.

Commission's Analysis

The Commission has examined the actual quantum of power purchased and the power purchase cost incurred during the FY 2014-15, based on the actual energy sales and the distribution losses submitted by PGVCL. It is observed that GUVNL cost allocated to the DISCOMs is less than 4 paise/unit allowed in the MTR order dated 29th April, 2014. Hence, the Commission allows the same. The sales and the quantum of power purchase and the power purchase cost are as per the audited annual accounts for the FY 2014-15. The power purchase cost, as per the audited annual accounts for FY 2014-15, is Rs. 9217.18 Crore, as shown in the Table below:

Table 4.8: Power purchase cost as per the audited accounts for FY 2014-15

Sl. No.	Particulates	Amount (Rs. Crore)
1	Power Purchase from GUVNL	10032.82
2	Power Purchase from Others (Wind & Solar)	39.85
3	UI Import (Charges) / DSM Charges	28.29
4	Total Power Purchase	10100.96
5	Power Sold to GUVNL	829.90
6	UI Export / DSM Charges (Income)	53.88
7	Net Power Purchase Cost (4-5-6)	9217.18

The Commission, accordingly, approves the power purchase cost of Rs. 9217.18 Crore in the truing up for FY 2014-15.

Table 4.9: Power Purchase Cost Approved by the Commission for Truing up for FY 2014-15

Particulars	FY 2014-15 (Approved in MTR Order)	FY 2014-15 (Submitted in Truing up)	FY 2014-15 (Approved in True-up) (Rs. Crore)
Total Power Purchase Cost	8399.90	9217.17	9217.18

4.4.1 Gains/(Losses) due to distribution losses

Licensee's Submission

PGVCL has submitted that there is loss of Rs. 67.36 Crore in the power purchase cost due to higher distribution loss as compared to approved distribution loss in the



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MTR Order. The loss is considered as controllable variation. The calculation of loss on account of higher distribution loss as submitted by PGVCL is shown in the table below:

Table 4.10 (a): Gains/ (Losses) on account of distribution losses for FY 2014-15 as submitted by PGVCL

Sl. No.	Particulars	Unit	FY 2014-15 (with Approved Distribution Losses)	FY 2014-15 (with Actual Distribution Losses)
1	Energy Sales	MUs	19957.71	19957.71
2	Distribution Losses	MUs	6302.43	6514.91
		%	24.00%	24.61%
3	Energy Requirement	MUs	26260.14	26472.62
4	Loss due to Distribution Losses	MUs		(212.48)
5	Average Cost of Power Purchase	Rs. / kWh		3.17
6	Gains/(Losses) Due to Distribution Losses	Rs. Crore		(67.36)

Commission's Analysis

The Commission had approved the distribution loss at 24.00% in the MTR order, against which the actual distribution loss of PGVCL is 24.61% for FY 2014-15.

The total Gains/(Losses) on account of higher distribution loss are computed in the Table below:

Table 4.10 (b): Gains/ (Losses) on account of distribution losses for FY 2014-15

Sl. No.	Particulars	Unit	Actuals submitted for FY 2014-15	Considered for computation of Gains/(Losses) for FY 2014-15
1	Energy Sales	MUs	19957.71	19957.71
2	Distribution Losses	MUs	6514.91	6302.43
		%	24.61%	24.00%
3	Energy Requirement	MUs	26472.62	26260.14
4	Los due to Distribution Losses	MUs	(212.48)	(212.48)
5	Average Cost of Power Purchase	Rs. / kWh	3.17	3.17
6	Gains/(Losses) Due to Distribution Losses	Rs. Crore	(67.36)	(67.36)

The total Gains/(losses), on account of higher distribution losses, as submitted by PGVCL is Rs. 67.36 Crore and the same computed by the Commission is also Rs. 67.36 Crore. Wt. Avg. rate of power purchase approved by the Commission in the MTR Order.



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While computing the gains/losses due to change in distribution losses, the Commission has considered the distribution losses 24.00%, as approved in MTR order to arrive at change in energy requirement at the distribution periphery compared to the actual losses of 24.61%. To arrive at gains/(losses) due to change in energy requirement, the Commission considered Wt. Avg. rate of power purchase, as approved in the MTR Order.

The Commission considered change in power purchase cost as an uncontrollable factor, which is attributable to the variation in cost and quantum of power due to variations in sales and transmission loss, while variations in quantum of power, due to distribution losses, are considered as controllable. Accordingly, gains / losses computed, on account of power purchase, are shown in the Table below:

Table 4.11: Approved Gains / (losses) – Power Purchase Expenses for Truing up for FY 2014-15

(Rs. Crore)					
Particulars	FY 2014-15 (Approved in MTR Order)	FY 2014-15 (Approved in True-up)	Deviation + / (-)	Gains/(losses) due to controllable factors	Gains/(losses) due to uncontrollable factors
Total Power Purchase Cost	8399.90	9217.18	(817.28)	(67.36)	(749.92)

4.5 Fixed Charges

4.5.1 Operations and Maintenance (O&M) expenses for FY 2014-15

PGVCL has submitted Rs. 512.69 Crore towards actual O&M expenses in the truing up for FY 2014-15, as against Rs. 389.28 Crore approved for FY 2014-15 in the MTR order dated 29th April, 2014, as detailed in the Table below:

Table 4.12: O&M Expenses Submitted in the Truing up for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15	Deviation + / (-)
1	Employee Cost	531.74	578.02	(46.28)
2	Repairs and Maintenance	78.70	106.06	(27.36)
3	Administration and General expenses	108.69	106.63	2.06
4	Other Debits	3.71	52.54	(48.83)
5	Extraordinary Items	-	-	-
6	Net Prior Period Expenses/ (Income)	-	0.32	(0.32)
7	Other Expenses Capitalised	(333.56)	(330.89)	(2.67)
8	Total O&M Expenses	389.28	512.69	(123.41)



Licensee's Submission

PGVCL has submitted that the O&M expenses consist of the following elements:

- Employee Expenses
- Repairs and Maintenance Expenses
- Administration and General Expenses
- Other Debits
- Extraordinary Items
- Net Prior Period Expense/ (Income)
- Other Expenses Capitalised

PGVCL has compared the O&M expenses actually incurred during FY 2014-15 with the expenses approved by the Commission for the year in the MTR order for FY 2014-15 and arrived at a loss of Rs. 71.58 Crore on account of controllable factors and gain of Rs. 51.82 Crore on account of uncontrollable factors, as detailed in the Table below:

Table 4.13: O&M expenses and Gains/(Losses) submitted in the truing up for FY 2014-15 (Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
1	Employee Cost	531.74	578.02	(46.28)	-
2	Repairs and Maintenance	78.70	106.06	(27.36)	-
3	Administration and General Expenses	108.69	106.63	2.06	-
4	Other Debits	3.71	52.54	-	(48.83)
5	Extraordinary Items	-	-	-	-
6	Net Prior Period Expenses/ (Income)	-	0.32	-	(0.32)
7	Other Expenses Capitalised	(333.56)	(330.89)	-	(2.67)
8	Total O&M Expenses	389.28	512.69	(71.58)	(51.82)

The O&M expenses are discussed component-wise in the following paragraphs.

4.5.2 Employee Cost

PGVCL has submitted Rs. 578.02 Crore towards actual employee cost in the truing up for FY 2014-15, as against Rs. 531.74 Crore approved in the MTR order. The employee cost approved for FY 2014-15 in MTR order of 29th April, 2014, and submitted by PGVCL in the truing up are as given in the Table below:



Table 4.14: Employee Cost Submitted by PGVCL in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15
Employee Cost	531.74	578.02

Licensee's Submission

PGVCL has submitted that the actual employee cost for FY 2014-15 was Rs. 578.02 Crore. The employee cost incurred by the company is purely on the basis of the guidelines issued by competent authorities like the state government. Hence, the entire expenditure estimated by the company is a legitimate expenditure and any variation is purely beyond its control. Accordingly, PGVCL has worked out a loss of Rs. 46.28 Crore on account of controllable employee cost.

Commission's Analysis

PGVCL has compared the actual employee cost of Rs. 578.02 Crore incurred during FY 2014-15 with Rs. 531.74 Crore, approved in the MTR order for FY 2014-15. The actual employee cost, as per the audited annual accounts for FY 2014-15, is Rs. 578.02 Crore.

The Commission approves the employee cost at Rs. 578.02 Crore in the Truing up for FY 2014-15.

The Commission considers the employee cost as a controllable expense, in accordance with the provisions under Regulations 23.2 of the GERC (MYT) Regulations, 2011. Hence, the loss of Rs. 46.28 Crore is considered as controllable.

4.5.3 Repairs and Maintenance (R&M) expenses

PGVCL has submitted Rs. 106.06 Crore towards R&M expenses in the Truing up for FY 2014-15, as against Rs. 78.70 Crore approved in the MTR order for FY 2014-15. The R&M expenses approved for FY 2014-15 in the MTR order of 29th April, 2014, and submitted by PGVCL in the truing up are as given in the Table below:

Table 4.15: R&M Expenses Submitted by PGVCL for the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR order	Claimed in truing up for FY 2014-15
Repairs and Maintenance Expenses	78.70	106.06



Licensee's Submission

PGVCL has submitted that the assets of PGVCL are old and require regular maintenance to ensure uninterrupted operations. It is further submitted that PGVCL has been trying its best to ensure uninterrupted operations of the system by undertaking R&M activities.

PGVCL has estimated a loss of Rs. 27.36 Crore due to controllable factors.

Commission's Analysis

The actual R&M expenses incurred during FY 2014-15 are Rs. 106.06 Crore, as per the audited annual accounts.

The Commission approves the R&M expenses at Rs. 106.06 Crore in the truing up for FY 2014-15.

The R&M expenses are controllable items of expenditure under the GERC (MYT) Regulations, 2011. Hence, the loss of Rs. 27.36 Crore is considered as controllable.

4.5.4 Administration and General (A&G) expenses

PGVCL has submitted Rs. 106.63 Crore towards A&G expenses in the truing up for FY 2014-15, as against Rs. 108.69 Crore approved in the MTR order. The A&G expenses approved for FY 2014-15 in MTR order of 29th April, 2014, and submitted by PGVCL in the truing up are as given in the Table below:

Table 4.16: A&G Expenses Submitted by PGVCL in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15
A&G Expenses	108.69	106.63

Licensee's Submission

PGVCL has submitted that the A&G expenses are categorised as controllable expenses in the GERC (MYT) Regulations, 2011 and the actual A&G expenses, when compared with the approved value, resulted in a gain of Rs. 2.06 Crore for FY 2014-15.

Commission's Analysis

The actual A&G expenses, as per the audited annual accounts for FY 2014-15, are Rs. 106.63 Crore which includes expenses of Rs. 0.04 Crore incurred on account of



CSR. As CSR is to be borne by the licensee, the Commission approves the A&G expenses as Rs. 106.59 Crore.

The Commission approves the A&G expenses at Rs. 106.59 Crore in the truing up for FY 2014-15.

The factors impacting A&G expenses are controllable in nature, as specified in the GERC (MYT) Regulations, 2011. The Commission, accordingly, considers the gain of Rs. 2.10 Crore under A&G expenses as controllable.

4.5.5 Other Debits

Licensee's Submission

PGVCL has submitted the actual other debits at Rs. 52.54 Crore in the truing up, as against Rs. 3.71 Crore approved in the MTR order dated 29th April, 2014 for FY 2014-15.

As per the G.R. No: NPL/452014/UOR-40/M dated 06.01.2015 issued by Government of Gujarat to waive the delayed payment charges debited up to 31.03.2014 to weak Nagar Palikas under One Time Settlement of their dues through Gujarat Municipal Finance Board, PGVCL had waived off delay payment charges amounting to Rs. 49.22 Crore in its audited accounts for FY 2014-15. Balance amount included in other debits is Rs. 3.32 Crore which is Miscellaneous Losses & Write-offs as per audited accounts. As per the provisions of the MYT Regulations, 2011, Other debits are categorised as uncontrollable expenses and accordingly, the comparison of value approved by the Commission with the actual other debits of PGVCL shows a (loss) of Rs. (48.83) Crore.

Commission's Analysis

PGVCL has submitted that the Company had waived off Rs. 49.22 Crore towards delayed payment charges relating to weak nagar palikas under one-time settlement, in its audited accounts for FY 2014-15 in accordance with orders issued by Government of Gujarat vide Ref: G.R. No. UPL/45 2014/UOR-40/RS dated 06.01.2015. The waiver is as per the decision of GoG and these charges cannot be saddled on the other consumers.



The Commission, therefore, considers the other debits at Rs. 3.32 Crore (Rs. 52.54-49.22).

The Commission approves the other debits as Rs. 3.32 Crore in the truing up for FY 2014-15.

The Commission considers other debits as uncontrollable item because it includes the expenses related to Misc. Losses and write offs as these expenses are not within the control of licensee. Hence, the gain of Rs. 0.39 Crore is considered as uncontrollable.

4.5.6 Extraordinary Items

PGVCL has not submitted anything under extraordinary items expenditure in the truing up for FY 2014-15, as against Nil provision approved in the Tariff Order for FY 2014-15.

Commission's Analysis

The actual extraordinary items expenditure is Nil, as per the audited annual accounts for FY 2014-15.

The Commission approves the extraordinary items expenditure as Nil in the truing up for FY 2014-15.

4.5.7 Net Prior Period Expenses / (Income)

PGVCL has submitted Rs. 0.32 Crore towards net prior period expenses in the truing up for FY 2014-15.

PGVCL had been charging depreciation on fixed assets of the Company, on the useful life of the assets at rates prescribed under Schedule XIV to the Companies Act, 1956. The Company being engaged in electricity distribution business is covered under the Electricity Act, 2003 and provisions of the Electricity Act supersede the provisions of the Companies Act, 2013. Accordingly, the Company has charged depreciation on fixed assets of the Company at the rates prescribed in MYT Regulations, 2011 with effect from 1st day of April, 2011. This being an error or omission, the differential depreciation amounting to Rs 101.87 Crore was considered as prior period depreciation expense in the audited accounts for FY 2014-15.



However, PGVCL has not considered this prior period depreciation expense while truing up for FY 2014-15 as the Commission has already approved the depreciation expenses in the past years as per the MYT Regulations, 2011.

Commission's Analysis

PGVCL did not estimate prior period expenses / income in the MTR Petition for FY 2014-15. These net prior period expenses / income are recognised through a directive in the MYT order dated 6th September, 2011. The actual net prior period expenses other than the differential depreciation of Rs. 101.87 Crore accounted for in the audited annual accounts is Rs. 0.32 Crore.

The Commission, accordingly, approves the net prior period expenses of Rs. 0.32 Crore in the truing up for FY 2014-15.

The Commission considers net prior period expenses as uncontrollable item because it is not within the control of licensee. Hence, the loss of Rs. 0.32 Crore is considered as uncontrollable.

4.5.8 Other Expenses Capitalised

PGVCL has submitted the actual expenses capitalised at Rs. 330.89 Crore in the truing up for FY 2014-15, as against Rs. 333.56 Crore approved in the MTR order for the FY 2014-15.

Commission's Analysis

The Commission has observed that the other expenses capitalised represent the capitalisation of employees cost, A&G expenses and interest charges, etc., as can be seen from Note 29 to the Annual Accounts for FY 2014-15. The actual other expenses capitalised are Rs. 339.31 Crore as per the audited annual accounts for FY 2014-15. These other expenses capitalised include Rs. 8.42 Crore towards capitalisation of interest charges. The interest charges capitalised are excluded from this, since the interest charges are allowed on normative basis against the actual capitalisation of CAPEX.



The Commission approves the other expenses capitalised at Rs. 330.89 (339.31-8.42) Crore, excluding the interest charges capitalised, in the truing up for FY 2014-15.

The Commission considers other expenses capitalised as uncontrollable item because it is not within the control of licensee. Hence, the loss of Rs. 2.67 Crore is considered as uncontrollable.

The total O&M expenses approved in the truing up for FY 2014-15 and the Gains/(Losses) considered due to controllable and uncontrollable factors are detailed in the Table below:

Table 4.17: Approved O&M Expenses and Gains/(Losses) in the Truing up for FY 2014-15

(Rs. Crore)						
Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Approved in Truing up for FY 2014-15	Deviation +/-	Gains/ (Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
1	Employee Cost	531.74	578.02	(46.28)	(46.28)	
2	Repairs and Maintenance	78.70	106.06	(27.36)	(27.36)	
3	Administration and General Expenses	108.69	106.59	2.10	2.10	
4	Other Debits	3.71	3.32	0.39		0.39
5	Extraordinary Items	0.00	0.00	0.00		0.00
6	Net Prior Period Expenses/(Income)	0.00	0.32	(0.32)		(0.32)
7	Other Expenses Capitalised	(333.56)	(330.89)	(2.67)		(2.67)
8	Total O&M Expenses	389.28	463.42	(74.14)	(71.54)	(2.60)

4.5.9 Capital Expenditure, Capitalization and Funding of CAPEX

PGVCL has furnished the capital expenditure at Rs. 1570.08 Crore in the truing up for FY 2014-15, as against Rs. 1500.00 Crore approved in the ARR for FY 2014-15 in the MTR order. The details are as given in the Table below:

Table 4.18: Capital Expenditure Submitted by PGVCL for FY 2014-15

(Rs. Crore)			
Sl. No.	Particulars	Approved in the MTR order for FY 2014-15	Claimed in Truing up for FY 2014-15
1	Distribution Schemes	547.00	506.80
2	Rural Electrification Schemes	676.00	797.78



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Sl. No.	Particulars	Approved in the MTR order for FY 2014-15	Claimed in Truing up for FY 2014-15
3	Non Plan Schemes	97.00	60.31
4	Others	0.00	0.00
5	Other New Schemes	180.00	205.19
6	Total Capital Expenditure	1500.00	1570.08

Licensee's Submission

PGVCL has submitted that the actual capital expenditure incurred during FY 2014-15 was Rs. 1570.08 Crore, which is higher than what was approved for FY 2014-15 by Rs. 70.08 Crore in the MTR order dated 29th April, 2014. PGVCL has provided justification for scheme wise deviation in capital expenditure as detailed below.

PGVCL has submitted scheme wise deviation in capital expenditure as under:

- **Normal Development:** Under the head Normal Development Scheme, generally expenses are incurred to meet with the Supply Obligation which is mainly based on the numbers of applications received etc., the network is erected. Therefore, during the FY 2014-15, company had to incur Rs. 308.49 Crore against approved Rs. 376 Crore.
- **System Improvement:** Under the head System Improvement, PGVCL carries out renovation/replacement of old Distribution line, bifurcation of feeder, installation/augmentation of Distribution Transformer etc. System Improvement is carried out on requirement basis with the objective to improve reliability of power supply and also to reduce distribution loss. Company incurred Rs. 142.48 Crore against approved Rs. 90.00 Crore.
- **RE Scheme:** Under the head RE Schemes Company releases Agriculture Category connections. Following the directive of Commission, Company has maximised the targets for releasing the Connections of Agriculture category. Accordingly, during FY 2014-15 Company released more than 55000 Agriculture connections during the year at the cost of Rs. 796.18 Crore against approved Rs. 675 Crore.

Following the policy framed by State Government, Company has started releasing connection in the Dark Zone area too from the year 2013-14.



- **R-APDRP:** R-APDRP (Restructured Accelerated Power Development & Reforms Programme) is the Central Sector Scheme. Gol has appointed Power Finance Corporation (PFC) as the Nodal Agency.

The basic purpose of the scheme is to reduce AT&C Losses in the urban areas. Accordingly, all the towns having population more than 30,000 have been covered under this scheme. PGVCL has 36 such towns, covering 84 sub divisions. Scheme will be implemented in two parts: Part-A (IT Infrastructure establishment) and Part-B (Distribution strengthening and modernization). Moreover, three towns having population more than 4 Lakh and energy input more than 350 MUs /year have been identified for installing SCADA/DMS system, which are Rajkot, Bhavnagar and Jamnagar.

Part-A includes: Establishment of baseline data and adoption of IT applications for meter reading, billing & collection; energy accounting & auditing; MIS; redressal of consumer grievances; establishment of IT enabled consumer service centres etc.

Part-B includes: Renovation, modernization and strengthening of 11 kV level Substations, Transformers/Transformer Centres, Re-conductoring of lines at 11 kV level and below, Load Bifurcation, feeder separation, Load Balancing, HVDS (11 kV), Aerial Bunched Conductoring in dense areas, replacement of electromagnetic energy meters with tamper proof electronics meters, Installation of capacitor banks and mobile service centres etc.

Scheme is to be implemented as per the guidelines issued by PFC from time to time. Company has spent Rs. 60.31 Crore during the FY 2014 -15 as against approved Rs. 50.00 Crore.

- **SCADA/DMS includes:**

The objective of reducing Aggregate Technical and Commercial (AT&C) losses in the project areas can be achieved by plugging pilferage points, supply of quality power, faster identification of faults & early restoration of power, proper metering, strategic placement of capacitor banks & switches and proper planning & designing of distribution networks. The real time monitoring & control of the distribution system through state-of- the art SCADA/DMS system encompassing all distribution substations & 11 KV network would help in achieving this objective of R-APDRP. For deriving maximum benefits, it is essential that necessary upgradation of distribution



S/S & 11kV network shall be carried out to meet the SCADA/DMS requirements. SCADA is to be implemented through SCADA Implementation Agency (SIA). SIA was to be finalized in consultation with PFC and, therefore, delay has taken place in SCADA implementation. SIA has started the required work and is to be completed by December, 2015 as per the guidelines issued by PFC.

- **High Voltage Distribution System (HVDS):**

Company is having large nos. of Low Tension category consumers. To eliminate low voltage distribution and to have better voltage profile as well as for reduction in Technical loss and associated commercial loss company has proposed to shift over on High Voltage Distribution System by erecting small capacity Transformer matching with the connected load of individual consumer or very small group of consumers in phased manner. During the year company has incurred Rs. 104.82 Crore as against approved Rs. 100 Crore.

- **Coastal Area Scheme:**

PGVCL covers largest costal area of the state. Majority of the Distribution network of the Company is having “Overhead” type. “Overhead” network is highly susceptible to environmental changes in general and particularly in “Costal” area. To provide better quality power supply in the costal belt, company undertakes various activities like renovation of Distribution network, Distribution Transformer review, providing Aerial Bunch Conductor, conversion of LT Distribution network into High Voltage Distribution System etc. Scope of work is planned depending on time to time requirement and exigency of work. Accordingly, Company has spent Rs. 75.70 Crore during FY 2014-15 against approved Rs. 30 Crore.

- **Underground Network:**

Government of India has notified “Integrated Power Development System”. One of the main components of the scheme is to convert existing Overhead System to Underground System. To implement the scheme in integrated manner, the earlier proposed “Underground” schemes for Pilgrim area etc. couldn’t be implemented. However, now it has been taken up and during the current year it will be implemented.



Commission's Analysis

The capital expenditure approved in the ARR for FY 2014-15 in the MTR order dated 29th April, 2014 was Rs. 1500.00 Crore. The actual capital expenditure incurred is given as Rs. 1570.08 Crore. The actual capitalisation was Rs. 1625.78 Crore, as per the audited accounts for FY 2014-15. The consumer contribution, as verified from the audited annual accounts, is Rs. 308.20 Crore. The subsidies and grants, as verified from the audited annual accounts, are Rs. 121.10 Crore.

The Commission approves the capitalisation of Rs. 1625.78 Crore in the truing up for FY 2014-15.

The CAPEX, capitalisation and funding submitted by PGVCL, and approved by the Commission, are as given in the Table below:

Table 4.19: Approved Capitalisation and Source of Funding in the Truing up for FY 2014-15

(Rs. Crore)				
Sl. No.	Particulars	Approved in the MTR order for FY 2014-15	Claimed in Truing up for FY 2014-15	Approved in Truing up for FY 2014-15
1	Capital Expenditure	1500.00	1570.08	1570.10
2	Capitalization	1395.00	1625.78	1625.78
3	Less: Consumer Contribution	319.04	308.20	308.20
4	Less: Subsidies and Grants	88.16	121.10	121.10
5	Balance Capitalization	987.80	1196.48	1196.48
6	Debt (70%)	691.46	837.54	837.54
7	Equity (30%)	296.34	358.94	358.94

4.5.10 Depreciation

PGVCL has submitted Rs. 500.67 Crore towards depreciation in the truing up for FY 2014-15. The depreciation charges approved in the MTR order of 29th April, 2014 and charges submitted by PGVCL in the truing up for FY 2014-15 are as given in the Table below:

Table 4.20: Depreciation Submitted by PGVCL in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15
Depreciation	493.25	500.67

Licensee's Submission

PGVCL had been charging depreciation on fixed assets of the Company, on the useful life of the assets at rates prescribed under Schedule XIV to the Companies



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Act, 1956. The Company being engaged in electricity distribution business is covered under the Electricity Act, 2003 and provisions of the Electricity Act supersede the provisions of the Companies Act, 2013. Accordingly, the Company has charged depreciation on fixed assets of the Company at the rates prescribed in MYT Regulations, 2011 for FY 2014-15.

PGVCL has considered the depreciation rate as per the GERC Regulations and computed the depreciation as detailed in the Table below:

Table 4.21: Fixed Assets and Depreciation Computed by PGVCL for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15	Deviation + / (-)
1	Gross Block At The Beginning of the Year	8662.10	8684.85	
2	Additions During the Year	1395.00	1625.78	
3	Depreciation for the Year	493.25	500.67	(7.42)
4	Average Rate of Depreciation	5.27%	5.27%	

PGVCL has further submitted that the actual depreciation for FY 2014-15, as against the value approved in the MTR order, resulted in a net uncontrollable loss of Rs. 7.42 Crore, as detailed in the Table below:

Table 4.22: Gains/ (Losses) due to Depreciation Submitted in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Depreciation	493.25	500.67	0	(7.42)

Commission's Analysis

The opening balance of GFA, the net addition during the year and the closing balance of GFA have been verified with the audited annual accounts for FY 2014-15. PGVCL has, in their petition, shown the opening balance of GFA at Rs. 8684.85 Crore and the depreciation of Rs. 500.67 Crore. While the opening GFA tallies with the Audited Accounts for FY 2014-15, the depreciation as per P&L Account for FY 2014-15 is Rs. 494.37 Crore. The Commission has considered depreciation of Rs. 494.37 Crore rather than Rs. 500.67 Crore as claimed by PGVCL as per Form D-2 reason being PGVCL has switched over to the depreciation rates as prescribed under GERC (MYT) Regulations, 2011 from the rates of depreciation prescribed in



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Schedule XIV to the Companies Act, 1956, as stated in Note 27.1 of the Audited Accounts of FY 2014-15.

The Commission approves the depreciation at Rs. 494.37 Crore in the truing up for FY 2014-15, as detailed in the Table below:

Table 4.23: Approved Depreciation in the Truing up for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Claimed in Truing up for FY 2014-15	Approved for FY 2014-15 in truing up
1	Gross Block at the Beginning of the Year	8684.85	8684.85
2	Additions During the Year	1625.78	1625.78
3	Average Rate of Depreciation	5.27%	5.21%
4	Depreciation for the Year	500.67	494.37

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

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

Table 4.24: Gains/(Losses) due to Depreciation Approved in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Approved in Truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Depreciation	493.25	494.37	0	(1.12)

4.5.11 Interest and Finance charges

PGVCL has submitted Rs. 310.84 Crore towards interest and finance charges in the truing up for FY 2014-15, as against Rs. 310.45 Crore approved in the MTR order for FY 2014-15, as detailed in the Table below:

Table 4.25: Interest and Finance Charges Submitted by PGVCL in the Truing up for FY 2014-15

Particulars	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15
Interest and Finance Charges	310.45	310.84



Licensee's Submission

PGVCL has submitted that it has considered the opening balance of loan as the closing balance of loan approved in the truing up for FY 2013-14 in the Tariff Order dated 31st March, 2015. The loan addition has been computed at Rs. 837.54 Crore towards loan for funding the CAPEX for FY 2014-15. PGVCL has considered the weighted average rate of interest of 10.11%, as against 9.39% approved in MTR order for FY 2014-15. In addition to the above, PGVCL has considered the guarantee charges payable on legacy loan from the erstwhile GEB and interest on security deposits. The details of interest and guarantee charges submitted by PGVCL are as given in the Table below:

Table 4.26: Interest and Finance Charges Submitted in the Truing up for FY 2014-15 (Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15
1	Opening Loans	1,991.55	1,939.86
2	New Loans During the Year	691.46	837.54
3	Repayment During the Year	493.25	500.67
4	Closing Loans	2,189.76	2,276.72
5	Average Loans	2,090.66	2,108.29
6	Interest on Loans	196.31	213.15
7	Interest on Security Deposit	107.57	89.75
8	Guarantee Charges & Other finance Charges	6.57	7.95
9	Total Interest & Finance Charges	310.45	310.84
10	Weighted Average Rate of Interest	9.39%	10.11%

PGVCL has further submitted that interest and finance charges are categorised as uncontrollable, as per the GERC (MYT) Regulations, 2011 and, accordingly, worked out deviation in the actuals, vis-à-vis the approved expenses under uncontrollable factors and these are as given in the Table below:

Table 4.27: Gains/ (Losses) Submitted due to Interest & Finance Charges for FY 2014-15

Particulars	(Rs. Crore)			
	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Interest and Finance charges	310.45	310.84	-	(0.39)

Commission's Analysis

The Commission has analysed the loans for capital expenditure and approved the opening balance of loans towards capital expenditure as Rs. 1939.86 Crore, being



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the closing balance of loans approved in the truing up for FY 2013-14 as per Tariff Order dated 31st March, 2015. This is taken as the opening balance of loans in the truing up for FY 2014-15. The normative addition of loans during FY 2014-15 has been considered at Rs. 837.54 Crore as approved in Table 4.19 based on the actual capitalisation as per the audited annual accounts. PGVCL has submitted vide e-mail dated 16.02.2016, the details of the interest paid on Security Deposit as Rs. 89.75 Crore.

The repayment of loan is Rs. 494.37 Crore in the truing up for FY 2014-15, which is equivalent to the depreciation. The guarantee charges, as per audited accounts for FY 2014-15, are Rs. 7.95 Crore. PGVCL has submitted vide e-mail dated 04.02.2016 details of the actual opening balance as on 01.04.2014 for each loan portfolio and the rate of interest applicable for each loan portfolio for FY 2014-15. Based on these details, the weighted average rate of interest in accordance with the Clause 39 of GERC (MYT) Regulations, 2011, works out to 9.53%. Taking all these factors into consideration, the interest charges have been computed as detailed in the Table below:

Table 4.28: Interest & Finance charges approved by the Commission in the truing up for FY 2014-15

Sl. No.	Particulars	(Rs. Crore)	
		Claimed in Truing up for FY 2014-15	Approved in truing up for FY 2014-15
1	Opening Loans	1939.86	1939.86
2	New Loans During the Year	837.54	837.54
3	Repayment During the Year	500.67	494.37
4	Closing Loans	2276.72	2283.03
5	Average Loans	2108.29	2111.45
6	Weighted Average Rate of Interest	10.11%	9.53%
7	Interest on Loans	213.15	201.22
8	Interest on Security Deposit	89.75	89.75
9	Guarantee and Other Finance Charges	7.95	7.95
10	Total Interest & Finance charges	310.84	298.92

The Commission approves the interest and finance charges as Rs. 298.92 Crore in the truing up for FY 2014-15.

As noted in Para 4.5.10 above, the Commission is of the view that the factors which impact interest and finance charges should be treated as uncontrollable.



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

Table 4.29: Gains/ (Losses) Approved in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Approved in Truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Interest and Finance Charges	310.45	298.92	-	11.53

4.5.12 Interest on Working Capital

PGVCL has not submitted any claim towards interest on working capital in the truing up for FY 2014-15, against Nil provision approved in the MTR order for FY 2014-15, which are as detailed in the Table below:

Table 4.30: Interest on Working Capital Submitted by PGVCL in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15
Interest on Working Capital	Nil	Nil

Licensee's Submission

The licensee has submitted that the interest on working capital has been calculated, based on the GERC (MYT) Regulations, 2011, at an interest rate of 14.75%, being the SBAR of SBI as on 1st April 2014.

The detailed computation of interest on working capital is as given in the Table below:

Table 4.31: Interest on Working Capital, Submitted by PGVCL in the Truing up for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15
1	O&M Expenses (One Month)		42.72
2	Maintenance Spares (1% of Opening GFA)		86.85
3	Receivables		869.58
4	Less: Security Deposits from Consumers		(1190.00)
5	Total Working Capital		(190.85)
6	Rate of Interest on Working Capital		14.75%
7	Interest on Working Capital	Nil	-



Commission's Analysis

The Commission has examined the computation of normative working capital and interest thereon under GERC (MYT) Regulations, 2011. Regulation 41.2 (b) specifies that interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the Financial Year in which the petition is filed. While approving the interest on working capital in the truing up for FY 2013-14, the Commission had decided to consider the interest rate as SBAR prevailing as on 1st April of the Financial Year for which Truing up is being done. The SBAR, as on 1st April 2015, was 14.75%. The Commission, accordingly, takes into consideration the SBAR of 14.75% in computation of Interest on Working Capital for FY 2014-15.

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

Table 4.32: Interest on Working Capital Approved in the Truing up for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up for FY 2014-15	Approved for FY 2014-15 in truing up
1	O&M Expenses (One Month)	42.72	38.62
2	Maintenance Spares (1% of Opening GFA)	86.85	86.85
3	Receivables (1 Month of Sales)	869.58	845.99
4	Less: Security Deposit From Consumers (Avg.)	(1190.00)	1218.48
5	Total Working Capital	(190.85)	(247.02)
6	Rate of Interest on Working Capital	14.75%	14.75%
7	Interest on Working Capital	-	-

The Commission approves the interest on working capital at Nil in the truing up for FY 2014-15.

4.5.13 Provision for bad debts

PGVCL has submitted Rs. 24.27 towards provision for bad debts in the truing up for FY 2014-15, as against Rs. 2.14 Crore approved in the Tariff Order for FY 2014-15. The details are as given in the Table below:

Table 4.33: Provision for Bad Debts Submitted by PGVCL in the Truing up for FY 2014-15

Particulars	(Rs. Crore)	
	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15
Provision for Bad Debts	2.14	24.27



Licensee's Submission

PGVCL has submitted that the actual value of bad debts, when compared with the approved value, resulted in a loss of Rs. 22.13 Crore, on account of controllable factors, as shown in the Table below:

Table 4.34: Provision for Bad Debts for FY 2014-15

Particulars	(Rs. Crore)			
	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for Bad Debts	2.14	24.27	(22.13)	-

Commission's Analysis

The Commission has observed that PGVCL has claimed Rs. 24.27 Crore towards Bad & Doubtful Debts Written Off / Provided for during FY 2014-15. As verified from the audited annual accounts it is only a provision made in the accounts. Regulation 98.8.1 specifies that the Commission may allow bad debts written off as a pass through in the aggregate revenue requirement subject to prudence check. PGVCL has submitted actual bad debts written off as Rs. 3.12 Crore.

The Commission, therefore, approves the bad debts as Rs. 3.12 Crore in the truing up for FY 2014-15.

The deviation on account of bad debts written off is Rs. 0.98 Crore and the Commission considers the same as loss due to controllable factors, as detailed in the Table below:

Table 4.35: Gains/ (Losses) due to Bad Debts Approved in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for bad debts	2.14	3.12	(0.98)	-

4.5.14 Return on equity

PGVCL has submitted Rs. 320.71 Crore towards return on equity in the truing up for FY 2014-15, as against Rs. 317.45 Crore approved in the MTR order dated 29th April, 2014 for FY 2014-15, which are as given in the Table below:



Table 4.36: Return on Equity Submitted by PGVCL in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15
Return on Equity	317.45	320.71

Licensee's Submission

PGVCL has submitted that return on equity is computed considering a rate of 14% on the average of opening and closing equity, taking into account the additions during the FY 2014-15.

The details of computation of return on equity are as given in the Table below:

Table 4.37: Return on Equity Submitted by PGVCL in the Truing up for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15
1	Opening Equity	2119.31	2111.32
2	Additional Equity During the Year	296.34	358.94
3	Closing Equity	2415.65	2470.27
4	Average Equity	2267.48	2290.80
5	Rate of Return on Equity	14%	14%
6	Return on Equity	317.45	320.71

Commission's Analysis

PGVCL has furnished the opening equity of Rs. 2111.32 Crore for FY 2014-15 and submitted an equity addition of Rs. 358.94 Crore during the FY 2014-15. The actual opening equity as on 01/04/2014 was Rs. 2111.32 Crore, being the closing balance of equity approved in the True-up for FY 2013-14. The Commission has approved the normative equity addition at Rs. 358.94 Crore given in Table 4.19.

The Commission has computed return on equity in the truing up for FY 2014-15, as detailed in the Table below:

Table 4.38: Return on Equity Approved for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up for FY 2014-15	Approved for FY 2014-15 in truing up
1	Opening Equity	2,111.32	2,111.32
2	Additional Equity During the Year	358.94	358.94
3	Closing Equity	2,470.26	2,470.26
4	Average Equity	2,290.79	2,290.79
5	Rate of Return on Equity	14%	14%
6	Return on Equity	320.71	320.71



The Commission approves return on equity as Rs. 320.71 Crore in the truing up for FY 2014-15.

As noted in para 4.5.10 above, the factors impacting the Return on Equity are considered uncontrollable.

The Commission, accordingly, approves the gains/(losses) on account of return on equity in the truing up for FY 2014-15, as detailed in the Table below:

Table 4.39: Approved Gains/(Losses) Due to Return on Equity in the Truing up for FY 2014-15

Particulars	(Rs. Crore)			
	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Return on Equity	317.45	320.71	0	(3.26)

4.5.15 Taxes

PGVCL has submitted Rs. 8.75 Crore provision towards income tax in the truing up for FY 2014-15, as against Rs. 15.00 Crore approved in MTR order for FY 2014-15, as given in the Table below:

Table 4.40: Taxes Submitted by PGVCL in the Truing up for FY 2014-15

Particulars	(Rs. Crore)	
	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15
Provision for Tax	15.00	8.75

Licensee's Submission

The licensee has submitted that the actual tax worked out to Rs. 8.75 Crore, as against Rs. 15.00 Crore approved in the MTR order for FY 2014-15. PGVCL has further mentioned that tax is a statutory expense and this should be allowed without any deduction. PGVCL has submitted a gain of Rs. 6.25 Crore on account of tax, as given in the Table below:

Table 4.41: Gains/ (Losses) Submitted due to Provision for tax for FY 2014-15

Particulars	(Rs. Crore)			
	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for Tax	15.00	8.75	0	6.25



Commission's Analysis

As per the audited annual accounts, the tax expense is shown as Rs. 8.75 Crore. With reference to a query from the Commission PGVCL has submitted in its Email dated 04.02.2016 that the Tax provision was made for Rs. 8.75 Crore and the actual MAT paid for was Rs. 8.75 Crore.

The Commission, accordingly, approves the tax paid as Rs. 8.75 Crore in the truing up for FY 2014-15.

With regard to the computation of gains/(losses), Regulation 23.1 considers the variation in taxes on income as uncontrollable.

The Commission, accordingly, approves the gains/(losses) on account of tax on income in the truing up for FY 2014-15, which are as detailed in the Table below:

Table 4.42: Approved Gains/(Losses) due to Tax in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for Tax	15.00	8.75	0	6.25

4.5.16 Non-Tariff Income

PGVCL has furnished the actual Non-Tariff income at Rs. 295.36 Crore in the truing up for FY 2014-15, as against Rs. 273.19 Crore approved in the MTR order dated 29th April, 2014 for FY 2014-15, which are as detailed in the Table below:

Table 4.43: Non-Tariff Income Submitted by PGVCL in the Truing up for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Claimed in Truing up for FY 2014-15
Non-Tariff Income	273.19	295.36

Licensee's Submission

The licensee has submitted that the actual Non-Tariff income is Rs. 295.36 Crore, as against Rs. 273.19 Crore approved in the MTR order for FY 2014-15. This resulted in an uncontrollable gain of Rs. 22.17 Crore, which is as detailed in the Table below:



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Table 4.44: Gains/(Losses) Submitted due to Non-Tariff Income for FY 2014-15
(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Non-Tariff Income	273.19	295.36	0	22.17

Commission's Analysis

The Commission has verified and found that the actual 'other income' is Rs. 295.36 Crore, including the delayed payment charges of Rs. 69.56 Crore, as per the audited annual accounts for FY 2014-15. The deviation is Rs. 22.17 Crore, which is a gain.

The Commission approves the Non-Tariff income at Rs. 295.36 Crore in the truing up for FY 2014-15.

Table 4.45: Approved Gains/(Losses) due to Non-Tariff Income in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR order	Approved in truing up for FY 2014-15	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Non-Tariff income	273.19	295.36	0	22.17

4.6 Revenue from Sale of Power

PGVCL has furnished the total revenue as Rs. 10434.96 Crore in the truing up for FY 2014-15, as against Rs. 10173.00 Crore considered in the MTR order dated 29th April, 2014 for FY 2014-15, as detailed in the Table below:

Table 4.46: Revenue Submitted in the Truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR order	Claimed in truing up for FY 2014-15
1	Revenue from Sale of Power	9516.00	9713.24
2	Other Income (Consumer Related)	221.00	283.05
3	Total Revenue, Excluding Subsidy (1+2)	9737.00	9996.29
4	Agriculture Subsidy	436.00	438.67
5	Total Revenue Including Subsidy (3+4)	10173.00	10434.96

Commission's Analysis

The Commission has verified the total revenue for FY 2014-15 from the audited accounts. The actual revenue from sales, as per audited accounts, is Rs. 9713.26 Crore including supply to bulk licensee and Interstate Sale of Power. The revenue shown by the licensee from sale of power to GUVNL is Rs. 829.91 Crore and UI



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charges receivable are Rs. 53.88 Crore for FY 2014-15 and the same has been adjusted by the Commission against the power purchase cost for the FY 2014-15, as shown in the Table 4.8. The revenue approved in the truing up is given in the Table below:

Table 4.47: Revenue Approved in the Truing up for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up for FY 2014-15	Approved for FY 2014-15 in truing up
1	Revenue From Sale of Power	9713.24	9713.26
2	Other Income (Consumer Related)	283.05	283.05
3	Total Revenue Excluding Subsidy (1+2)	9996.29	9996.31
4	Agriculture Subsidy	438.67	438.67
5	Total Revenue, Including Subsidy (3+4)	10434.96	10434.98

The Commission, accordingly, approves the total revenue of Rs. 10434.98 Crore, including consumer related income, as Rs. 283.05 Crore and agriculture subsidy as Rs. 438.67 Crore in the truing up for FY 2014-15.

4.7 ARR Approved in the Truing up

The Commission reviewed the performance of PGVCL under Regulation 22 of the GERC (MYT) Regulations, 2011, with reference to the audited accounts for FY 2014-15. The Commission has computed the gains/(losses) for FY 2014-15, based on the truing up for each of the component discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the Tariff Order dated 6th September, 2011, the actual submitted in truing up and approved for truing up and Gains/(Losses) computed in accordance with GERC (MYT) Regulations, 2011 are as given in the Table below:



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Table 4.48: ARR Approved in the truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Annual Revenue Requirement	Approved for FY 2014-15 in the MTR order	Claimed in truing up for FY 2014-15	Approved in truing up for FY 2014-15	Deviation +/-	Gains/ (Losses) due to controllable factors	Gains/ (Losses) due to uncontrollable factors
1	2	3	4	5	6=(3-5)	7	8
1	Power purchase Cost	8399.90	9217.17	9217.18	(817.28)	(67.36)	(749.92)
2	Operations and Maintenance expenses	389.28	512.68	463.42	(74.14)		
2.1	Employee Cost	531.74	578.02	578.02	(46.28)	(46.28)	
2.2	R & M Expenses	78.70	106.06	106.06	(27.36)	(27.36)	
2.3	A & G Expenses	108.69	106.63	106.59	2.10	2.10	
2.4	Other Debts	3.71	52.54	3.32	0.39		0.39
2.5	Extraordinary Items	0.00	0.00	0.00	0.00		0.00
2.6	Net Prior Period Expenses/ Income	0.00	0.32	0.32	(0.32)		(0.32)
2.7	Other Expenses	(333.56)	(330.89)	(330.89)	(2.67)		(2.67)
3	Depreciation	493.25	500.67	494.37	(1.12)		(1.12)
4	Interest on Loans	310.45	310.84	298.92	11.53		11.53
5	Interest on working capital	0.00	0.00	0.00	0.00		0.00
6	Bad debts written off	2.14	24.27	3.12	(0.98)	(0.98)	
7	Return on equity	317.45	320.71	320.71	(3.26)		(3.26)
8	Income Tax	15.00	8.75	8.75	6.25		6.25
9	Total expenditure	9927.47	10895.09	10806.47	(879.00)	(139.88)	(739.13)
10	Less: Non-Tariff income	273.19	295.36	295.36	(22.17)		(22.17)
11	Aggregate Revenue Requirement	9654.28	10599.73	10511.11	(856.83)	(139.88)	(716.96)

4.8 Sharing of Gains / (Losses) for FY 2014-15

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

The relevant Regulations are extracted below:

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

24.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the Tariff of the Generating Company or



Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

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

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

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

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

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

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

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

- a. One-third of the amount of such loss may be passed on as an additional charge in Tariffs over such period as may be specified in the Order of the Commission under Regulation 22.6; and*
- b. The balance amount, which will amount to two-thirds of such loss, shall be absorbed by the Generating Company or Transmission Licensee or Distribution Licensee.”*



4.9 Revenue (Gap) / Surplus for FY 2014-15

As shown in the Table below, PGVCL has submitted a revenue gap of Rs. 393.76 Crore in the truing up after treatment of gains / (losses) due to controllable / uncontrollable factors after comparing the performance with the Tariff order for FY 2014-15.

Table 4.49: Projected Revenue (Gap) / Surplus FY 2014-15

(Rs. Crore)		
Sl. No.	Particulars	FY 2014-15
1	Aggregate Revenue Requirement originally approved for FY 2014-15	9,654.28
2	Surplus/(Gap) of True-Up for FY 2012-13	2.88
3	Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(784.39)
4	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain/Loss)	(53.69)
5	Revised ARR for FY 2014-15 (1 - 2 - 3 - 4)	10,489.48
6	Revenue from Sale of Power	9,713.24
7	Other Income (Consumer related)	283.05
8	Total Revenue excluding Subsidy(6 + 7)	9,996.29
9	Agriculture Subsidy	438.67
10	Total Revenue including Subsidy (8 + 9)	10,434.96
11	Revised Gap after treating gains/(losses) due to Controllable/ Uncontrollable factors (5 - 10)	54.52

Commission's Analysis

The Commission compared the actual performance of PGVCL with the values approved in the MTR order dated 29th April, 2014.

The Commission arrived at the revised ARR and revenue gap, based on the expenses and the gains / loss approved in the truing up for FY 2014-15. The revenue (gap) / surplus is approved by the Commission for FY 2014-15 summarised in the Table below:

Table 4.50: Revenue Surplus/(Gap) approved in the truing up for FY 2014-15

(Rs. Crore)		
Sl. No.	Particulars	FY 2014-15
1	Aggregate Revenue Requirement originally approved for FY 2014-15	9654.28
2	Surplus/(Gap) of True-Up for FY 2012-13	2.88
3	Gains / (Losses) on Account of Uncontrollable factors to be Passed on to the Consumers	(716.96)
4	Gain/ (Loss) on Account of Controllable factors to be Passed on to the Consumers (1/3rd of total gain/loss)	(46.63)
5	Revised ARR for FY 2014-15 (1-2-3-4)	10414.98



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Sl. No.	Particulars	FY 2014-15
6	Total Revenue from Sales	9713.26
7	Other Income (Consumer Related)	283.05
8	Agriculture Subsidy	438.67
9	Total Revenue, Including Subsidy (6+7+8)	10434.98
10	Revised Surplus/(Gap) after Treating Gains/(Losses) due to Controllable/Uncontrollable factors (9-5)	20.00

4.10 Consolidated revenue Surplus/(Gap) of the DISCOMs for FY 2014-15

The consolidated revenue surplus / (gap) of the four DISCOMs viz. DGVCL, MGVCL, PGVCL and UGVCL, after truing up of FY 2014-15 is summarised below.

Table 4.51: Consolidated revenue surplus / (gap) of four DISCOMs for FY 2014-15
(Rs. Crore)

Sl. No.	DISCOMs	Surplus/(Gap)
1	DGVCL	(58.86)
2	MGVCL	52.73
3	PGVCL	20.00
4	UGVCL	21.98
	Total	35.84

While determining the ARR for FY 2014-15 in the MTR Order dated 29th April, 2014, the Commission has considered GUVNL cost of 4 paise per unit to be added to power purchase cost of each DISCOM. GUVNL is entrusted for purchase of power on behalf of DISCOMs and sale of surplus power, if any, thereby adjusting power purchase cost of the DISCOMs. The 4 paise / unit is allowed by the Commission to GUVNL for meeting their expenses to carry out the business entrusted to it. It is very clear that any profit earned by GUVNL out of its statutory activities should be distributed amongst DISCOMs as the entire cost of GUVNL is being borne by DISCOM. In view of the above, the Commission decides to adjust the amount of Rs. 79.71 Crore which is Profit After Tax in P&L Statement of the Annual Accounts of GUVNL for FY 2014-15 in proportion to the energy purchased from GUVNL by each DISCOMs, as reflected in the respective Audited Accounts and additional information called for by the Commission, as shown in the Table below:



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Table 4.52: Net revenue (Gap) / Surplus approved for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	DGVCL	MGVCL	PGVCL	UGVCL	Total
1	Energy procured by four State Owned DISCOMs (in MUs)	20497	9950	30413	20265	81125
2	% share in procurement of energy	25.27%	12.26%	37.49%	24.98%	100.00%
3	Distribution of excess cost recovery by GUVNL as per % shown in (2) (in Rs. Crore)	20.14	9.78	29.88	19.91	79.71
4	Revenue (gap) / surplus after truing up of FY 2014-15 (in Rs. Crore)	(58.86)	52.73	20.00	21.98	35.84
5	Net revenue (gap) / surplus of FY 2014-15 to be considered (4+3) (in Rs. Crore)	(38.72)	62.50	49.88	41.89	115.55



5. Determination of Tariff for FY 2016-17

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus, as well as consumer tariff for the FY 201516 for PGVCL. The Commission has considered the ARR approved in the Mid-term Review for FY 2015-16 as provisional ARR for FY 2016-17 and the adjustment on account of True-up for FY 2014-15, while determining the revenue gap/surplus for FY 2016-17.

5.2 Approved ARR for FY 2016-17

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

Table 5.1: Provisional Approved ARR for FY 2016-17

Sl. No.	Particulars	(Rs. Crore) Provisional ARR for FY 2016-17
1	Cost of Power Purchase	9204.68
2	Operations and Maintenance Expenses	411.35
2.1	Employee Cost	562.16
2.2	Repairs and Maintenance	83.21
2.3	Administration and General Expenses	114.91
2.4	Other Debits	3.71
2.5	Extraordinary Items	-
2.6	Net Prior Period Expenses / Income	-
2.7	Other Expenses Capitalised	(352.64)
3	Depreciation	567.63
4	Interest and Finance Charges	332.24
5	Interest on Working Capital	0
6	Provision for Bad Debts	2.14
7	Return on Equity	359.42
8	Provision for Tax / Tax Paid	15.00
9	Total Expenditure (1 to 8)	10,892.45
10	Less: Non-Tariff Income	278.65
11	Aggregate Revenue Requirement	10,613.80

5.3 Projected Revenue from the Existing Tariff for FY 2016-17

PGVCL has projected the Revenue from sale of power as Rs. 10790.74 Crore for FY 2016-17 with existing Tariff, including FPPPA of Rs. 1.20 per kWh, other consumer-related income and agriculture subsidy, as detailed in the Table below:



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Table 5.2: Projected Revenue for FY 2016-17

		(Rs. Crore)
Sl. No.	Parameter	Projected for FY 2016-17
1	Revenue from Sale of Power @ Existing Tariff	7730.38
2	Revenue from FPPPA at Rs. 1.20 per kWh	2403.36
3	Other Income (Consumer Related)	221.00
4	Agriculture Subsidy (Expected from Government)	436.00
5	Total Revenue	10790.74

The Category-wise estimated sales, number of consumers, connected load and sales revenue are as given in the Table below:

Table 5.3: Projected Sales and Category Wise Revenue for FY 2016-17

Sl. No.	Particulars	Projected for FY 2016-17	
		Sales (MUs)	Revenue (Rs. Crore)
A	LT Consumers		
1	RGP	3,551.00	1305.49
2	GLP	113.00	45.96
3	Non-RGP	2,180.71	1103.43
4	LTMD	1,538.29	857.11
5	Public Water Works	748.00	255.44
6	Agriculture	6,005.00	775.72
7	Public Lighting	93.00	37.71
	Total (A)	14,229.00	4,380.87
B	HT Consumers		
1	Industrial HT	5,799.00	3,349.51
2	Railway Traction	0.00	0.00
	HT Total (B)	5,799.00	3,349.51
	Grand Total (A+B)	20,028.00	7,730.38

PGVCL has projected a revenue surplus of Rs. 96.89 Crore for FY 2016-17 with existing tariff, as detailed in the Table below:

Table 5.4: Projected Revenue Gap/(Surplus) for FY 2016-17 with the Existing Tariff
(Rs. Crore)

Sl. No.	Parameter	FY 2016-17 (Projected)
1	Aggregate Revenue Requirement	10,613.80
2	Revenue Gap from True-up of FY 2014-15	54.52
3	Recovery of past year True-Up gap/(surplus) for FY 2009-10	(147.48)
4	Recovery of past year True-Up gap/(surplus) for FY 2010-11	133.00
5	DSM Programme Expenditure	40.00
6	Total Aggregate Revenue Requirement (1 to 5)	10,693.84
7	Revenue with Existing Tariff	7,730.38
8	FPPPA Charges @ 120 paisa/kWh	2,403.36
9	Other Income (Consumer related)	221.00
10	Agriculture Subsidy	436.00
11	Total Revenue including subsidy (7 to 10)	10,790.74
12	Gap/(Surplus) (6 - 11)	(96.89)



Licensee's Submission

PGVCL in the petition for True-up of FY 2011-12 and Tariff determination for FY 2013-14 had proposed to recover the revenue gap/(surplus) of FY 2009-10 & FY 2010-11 amounting to Rs. (147.48) Crore and Rs. 133.00 Crore respectively. The Commission in the Order dated 16th April 2013 for True-up of FY 2011-12 and Tariff determination for FY 2013-14 had mentioned the following:

"...Further, it is to mention that PGVCL has considered net revenue gap / surplus of FY 2009-10 and FY 2010-11 to arrive at consolidated gap till FY 2011-12. In this regard, it is to state that net revenue surplus of Rs. 147.48 Crore for FY 2009-10 and gap of Rs. 133.00 Crore for FY 2010-11 have been considered by the Commission while determining the tariff for FY 2012-13. Thus, any gap / surplus due to past period (FY 2009-10 and FY 2010-11) shall be considered during true up of FY 2012-13..."

The Commission in Order dated 29th April 2014 did not consider the revenue gap/(surplus) of FY 2009-10 & FY 2010-11 while approving the True-up of FY 2012-13.

Accordingly, the past years revenue gap/(surplus) of FY 2009-10 & FY 2010-11 of PGVCL amounting to Rs. (147.48) Crore and Rs. 133.00 Crore respectively which were not considered by the Commission during the Truing up of FY 2012-13 is also proposed to be recovered in the provisional ARR of FY 2016-17.

The Commission had directed PGVCL to submit financial implication of DSM programme in the tariff petition for determination of tariff for FY 2015-16. In line with the same, PGVCL had proposed expenditure of Rs. 40.00 Crore under DSM Programme for FY 2015-16. The Commission had approved the same in Order dated 31st March 2015. Accordingly, the Commission is requested to approve the DSM programme expenditure at Rs. 40.00 Crore for FY 2016-17 also.

On comparison of the Aggregate Revenue Requirement approved in the Mid-term Review of Business Plan, Revenue Gap from True-Up for FY 2014-15 Recovery of past year True-Up gap/(surplus) for FY 2009-10 & FY 2010-11 and DSM Programme expenditure with the total revenue projected with existing tariff, the provisional gap/(surplus) for FY 2016-17 is projected to be at Rs. (96.89) Crore.



Commission's Analysis

The Commission has reviewed the sales projected in the Mid-term Review and approved the sales at 20028.00 MUs for FY 2016-17. The Commission has recomputed the sales revenue, based on the sales approved in the Mid-term Review, and applying FPPPA @ Rs. 1.20 per kWh, as detailed in the Table below:

The Revenue projected by PGVCL for FY 2016-17 and approved by the Commission are given in the Table below:

Table 5.5: Approved Sales and Category Wise Revenue for FY 2016-17

Sl. No	Particulars	Projected by PGVCL		Approved by the Commission	
		MUs	(Rs. Crore)	MUs	(Rs. Crore)
A	LT Consumers				
1	RGP	3,551.00	1305.49	3,551.00	1305.49
2	GLP	113.00	45.96	113.00	45.96
3	Non-RGP	2,180.71	1103.43	2,180.71	1103.43
4	LTMD	1,538.29	857.11	1,538.29	857.11
5	Public Water Works	748.00	255.44	748.00	255.44
6	Agriculture	6,005.00	775.72	6,005.00	775.72
7	Public Lighting	93.00	37.71	93.00	37.71
	Total (A)	14,229.00	4,380.87	14,229.00	4,380.87
B	HT Consumers				
1	Industrial HT	5,799.00	3,349.51	5,799.00	3,349.51
2	Railway Traction	0.00	0.00	0.00	0.00
	HT Total (B)	5,799.00	3,349.51	5,799.00	3,349.51
	Grand Total (A+B)	20,028.00	7,730.38	20,028.00	7,730.38
10	FPPPA		2403.36		2403.36
11	Add: Other Income (Consumer Related)		221.00		221.00
12	Total		10354.74		10354.74
13	Add: Agriculture Subsidy		436.00		436.00
14	Total Revenue Including Agriculture Subsidy		10790.74		10790.74

5.4 Target for FY 2016-17 for Reduction in Distribution Loss

PGVCL is directed to achieve distribution loss level at 22.00% for FY 2016-17. This targeted distribution loss level shall also be considered to work out final ARR for FY 2016-17 as per the new MYT Regulations. While truing up of FY 2016-17, gain/loss on account of variation in distribution loss shall be considered based on 22.00% distribution loss.



5.5 Estimated Revenue and Revenue (Gap)/Surplus for FY 2016-17

The Commission has considered the total category-wise sales, as approved in the Mid-term Review Order for FY 2015-16, and has applied the existing tariff on the approved sales for each category of consumers. The total revenue from sale of power computed by the Commission at existing tariff is Rs. 10790.74 Crore, including consumer related other income, FPPPA and Ag. subsidy. The FPPPA rate has been considered at Rs. 1.20 per unit. The estimated (gap)/surplus for FY 2016-17 is given in the Table below:

Table 5.6: Approved Revenue (Gap)/Surplus for FY 2016-17 with existing Tariff
(Rs. Crore)

Sl. No.	Parameter	Approved for FY 2016-17
1	Aggregate Revenue Requirement	10613.80
2	Revenue (Gap)/Surplus from True-up of FY 2014-15	49.88
3	Recovery of past year True-Up (Gap)/Surplus for FY 2009-10	147.48
4	Recovery of past year True-Up (Gap)/Surplus for FY 2010-11	(133.00)
5	DSM Programme Expenditure	40.00
6	Total Aggregate Revenue Requirement (1 to 5)	10589.44
7	Revenue with Existing Tariff	7730.38
8	FPPPA Charges @ 120 paisa/kWh	2403.36
9	Other Income (Consumer related)	221.00
10	Agriculture Subsidy	436.00
11	Total Revenue including subsidy (7 to 10)	10790.74
12	(Gap)/Surplus (11-6)	201.30

As the uniform tariff for State owned DISCOMs has been envisaged in the MYT order dated 6th September, 2011, it is necessary to consider the consolidated surplus of FY 2016-17 for all the State owned DISCOMs, while determining the tariff for FY 2016-17. The consolidated (gap)/surplus computed for FY 2016-17 is shown in the Table below:

Table 5.7: Consolidated (Gap)/Surplus computed for FY 2016-17
(Rs. Crore)

Sl. No.	Particulars	DGVCL	MGVCL	PGVCL	UGVCL	Total
1	Total revenue (gap)/surplus for FY 2016-17 including truing up	320.13	122.55	201.30	12.57	656.55



6. Fuel and Power Purchase Price Adjustment

6.1 Fuel Price and Power Purchase Price Adjustment

The Commission its order in Case No. 1309/2013 and 1313/2013 vide dated 29.10.2013, has approved the formula as mentioned below:

6.2 Formula

$$\text{FPPPA} = \frac{(\text{PPCA} - \text{PPCB})}{[100 - \text{Loss in \%}]}$$

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



6.3 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for all the DISCOMs including fixed cost, variable cost, GETCO cost, PGCIL charges, SLDC charges for the FY 2016-17 from the various sources in the order of Mid-term Review of Business Plan as given in the Table below:

Year	Total Energy Requirement (MUs)	Fixed cost (Rs. Crore)	Variable costs (Rs. Crore)	GETCO costs (Rs. Crore)	GUVNL charges (Rs. Crore)	PGCIL charges (Rs. Crore)	SLDC charges (Rs. Crore)	Total Power Purchase cost (Rs. Crore)	Power Purchase cost per unit (Rs./kWh)
FY 2016-17	82798	11446	15779	2770	331	789	19	31134	3.76

As mentioned above the base Power Purchase cost for the DISCOMs is Rs. 3.76/kWh and the base FPPPA charge is Rs. 1.20/kWh.

GUVNL/DISCOMs may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 6.2 above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on website of the Licensee / GUVNL.

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

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



7. Wheeling charges and Cross Subsidy Surcharge

7.1 Allocation matrix

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

The allocation matrix for allocation of costs between wires business and retail supply business as adopted by the Commission in MYT order is shown in the Table below:

Table 7.1 Allocation matrix for segregation of wheeling and retail supply for PGVCL

Sl. No.	Allocation Matrix	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0%	100%
2.1	Employee expenses	60%	40%
2.2	Repairs & Maintenance expenses	90%	10%
2.3	Administration & General Expenses	50%	50%
2.4	Other Debits	50%	50%
2.5	Extraordinary Items	50%	50%
2.6	Net Prior Period Expenses / (Income)	25%	75%
2.7	Other Expenses Capitalised	55%	45%
3	Depreciation	90%	10%
4	Interest & Finance charges	90%	10%
5	Interest on Working Capital & Security Deposit	10%	90%
6	Bad debts written off	0%	100%
7	Income tax	90%	10%
8	Return on Equity	90%	10%
9	Non-Tariff income	10%	90%

The Commission has adopted the same allocation matrix and estimated segregated approved ARR for wires business and retail supply business for PGVCL for FY 2016-17 as given in Table 7.2.



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Table 7.2: Allocation of ARR between wire and retail supply business for PGVCL for FY 2016-17

(Rs. Crore)				
Sl. No.	Allocation Matrix	App ARR for FY 2016-17	Wires Business	Supply Business
1	Cost of Power Purchase	9204.68	0.00	9204.68
2	Operations & Maintenance Expenses	411.35	277.54	133.81
2.1	Employee Cost	562.16	337.30	224.86
2.2	Repairs & Maintenance	83.21	74.89	8.32
2.3	Administration & General Charges	114.91	57.46	57.46
2.4	Other Debits	3.71	1.86	1.86
2.5	Extraordinary Items	-	0.00	0.00
2.6	Net Prior Period Expenses / (Income)	-	0.00	0.00
2.7	Other Expenses Capitalised	352.64	193.95	158.69
3	Depreciation	567.63	510.87	56.76
4	Interest & Finance Charges	332.24	299.02	33.22
5	Interest on Working Capital	0	0.00	0.00
6	Provision for Bad Debts	2.14	0.00	2.14
7	Sub-Total [1 to 6]	10518.04	1087.43	9430.61
8	Return on Equity	359.42	323.48	35.94
9	Provision for Tax / Tax Paid	15.00	13.50	1.50
10	Total Expenditure (7 to 9)	10892.45	1424.40	9468.06
11	Less: Non-Tariff Income	278.65	27.87	250.79
12	Aggregate Revenue Requirement (10 - 11)	10613.80	1396.54	9217.27

7.2 Wheeling charges

The wheeling charges for the four Distribution Companies, DGVCL, MGVCL, PGVCL and UGVCL for the FY 2016-17 as given below are applicable for use of the distribution system of a licensee by other licenses or generating companies or captive power plants or consumers / users who are permitted Open Access under Section 42 (2) of the Electricity Act, 2003.

Sl. No.	Particulars	Units	Amount
1	Distribution costs of the four DISCOMs	Rs. Crore	3219.06
2	Distribution cost of the four DISCOMs at 11 kV level (30% of total distribution cost)	Rs. Crore	965.72
3	Energy input at 11 kV	MUs	69965
4	Wheeling charges at 11 kV	Ps./kWh	14
5	Wheeling charges at 400 V (LT)	Ps./kWh	51

Detailed computation of wheeling charges is shown in the Annexure 7.1.

Distribution losses

Applicable distribution loss depending upon point of injection and delivery at 11 kV and 400 V during FY 2016-17 are given below:



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Point of Injection	Point of energy delivered	
	11 kV	400 Volts
11 kV, 22 kV and 33 kV	10%	15.98%
400 Volts		9.55%

The losses in HT and LT network are 10% and 9.55% respectively, with respect to energy input to the segment of the system. In case injection at 11 kV levels and drawal at LT level involved use of both the networks i.e. 11 kV and LT, the combined loss works out to 15.98% of the energy injection at 11 kV network.

The above wheeling charges payable shall be uniform for all the four distribution companies viz. DGVCL, MGVCL, PGVCL and UGVCL.

7.3 Cross Subsidy Surcharge

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

$$S = T - [C / (1 - L/100) + D + R]$$

Where,

S is the surcharge

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

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

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

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

R is the per unit cost of carrying regulatory assets.

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



Table 7.3: Cross subsidy surcharge for FY 2016-17

Sl. No.	Particulars	HT Industry
1	T - Tariff for HT Category (Rs./kWh)	7.26
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	3.76
3	D - Wheeling Charge (Rs./kWh)	0.14
4	L - Aggregate T&D Loss (%)	10%
5	R - per unit cost of carrying regulatory assets (Rs./kWh)	0.00
6	S = Cross subsidy surcharge (Rs./kWh)	2.95

$$S = 7.26 - [3.76 / (1 - 10/100) + 0.14 + 0.00]$$
$$= 2.95 \text{ Rs./kWh}$$

Thus, Cross subsidy surcharge as per Tariff Policy, 2016 works out to Rs. 2.95 /kWh for the four State owned Distribution companies viz. DGVCL, MGVCL, PGVCL & UGVCL.

However, Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking Open Access.

In view of above, the Commission decided to restrict the Cross Subsidy Surcharge leviable from the consumers of the four State Owned Distribution Companies, seeking Open Access, for FY 2016-17 at Rs. 1.45 /kWh.

Accordingly, Cross subsidy surcharge for HT Category = 1.45 Rs./kWh for FY 2016-17.



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Annexure 7.1

Computation of Wheeling Charges

Sl. No	Particulars	Unit	DGVCL	MGVCL	PGVCL	UGVCL	TOTAL
1	Distribution		533.44	540.63	1396.54	748.45	3219.06
a	11 KV level (at 30%)	Rs. Crore	160.03	162.19	418.96	224.54	965.72
b	LT level (at 70%)	Rs. Crore	373.41	378.44	977.58	523.92	2253.34
2	Energy input at DISCOM periphery	MUs	15718	9092	26010	19145	69965
3	Wheeling charges at 11 kV (a/2)*1000	Ps. / kWh	10.18	17.84	16.11	11.73	13.80
4	11 kV losses (@10%)	MUs	1571.80	909.20	2601.00	1914.50	6996.50
5	Sales at 11kV	MUs	6052.00	2845.00	5799.00	4483.00	19179.00
6	Energy input at LT (2 - (4+5))	MUs	8094.20	5337.80	17610.00	12747.50	43789.50
7	Wheeling charges at LT (1(b)/6)*1000	Ps. / kWh	46.13	70.90	55.51	41.10	51.46
8	Sales at LT level	MUs	7858.00	5156.00	14229.00	12365.00	39608.00
9	LT loss (6-8)	MUs	236.20	181.80	3381.00	382.50	4181.50
10	Total losses (4+9)	MUs	1808.00	1091.00	5982.00	2297.00	11178.00
		%	11.50%	12.00%	23.00%	12.00%	15.98%



8. Compliance of Directives

8.1 Compliance of Directives

The Commission, in its Tariff Orders dated 2nd June, 2012, 16th April 2013, 29th April, 2014 and 31st March, 2015 had issued various directives to PGVCL. PGVCL has submitted compliance report on the directives issued.

The Commission's comments on the status of compliance of the directives by PGVCL are given below. The Commission has also issued fresh directives to the licensee, wherever required.

Earlier Directive

Directive 1: Category wise Cost to Serve Report

The Commission has directed PGVCL to submit cost of supply report every year, along with tariff petition.

Compliance

The cost of supply report for FY 2014-15 is under preparation and shall be submitted to the Commission at the earliest.

Commission's Comments

Compliance is noted. However, DISCOMs are directed to ensure that the cost to serve report is invariably submitted every year along with tariff petition.

Directives issued with Tariff Order dated 16th April, 2013:

Directive 1: Meters on Distribution Transformers

The energy audit reports of all feeders should be submitted to the Commission quarterly from August 2014 onwards. The installation of meters at the remaining distribution transformers feeding agricultural loads shall be expedited and quarterly progress reports submitted from September 2014 onwards. Energy audit should be conducted in the areas/divisions, where meters are installed at distribution transformers. Quarterly reports on the energy audit shall be submitted for each of the areas from September, 2014 onwards.



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Compliance:

Status as on 30th September, 2014 of metering on Distribution Transformer is as under.

Sr. No.	Particulars	Nos. as on 30.09.2014	Meters installed as on 30.09.2014	%
1	Other Than Agriculture	82751	81628	98.64%
2	Agriculture	359600	55559 + 156811 (Single consumer T/c.) = 238439	66.30%
3	Total	442351	320067	72.33%

So far as Energy Audit is concerned it is to state that almost all Distribution Transformers of towns covered R-APDRP scheme have been provided with the meters. Company is in the process of "Consumer Mapping" with the relevant Distribution Transformers. Because of certain communication related issues with the Service Provider, Company could not start DT wise Energy Audit. Now the issue has almost resolved and Company would be able to carry out Energy Audit by January, 2015.

As regards the other areas, it is to state that meters at almost all other than Agriculture Distribution Transformers have been provided. Company is in the process of providing relevant "DT Code" in the consumers master data connected on respective Distribution Transformer and "Dummy Consumer Code" for the Distribution Transformers to carry out "Energy Audit". Once the process is completed, Company would be able to carry out energy audit along with the "Consumer Billing".

Commission's Comments

Metering of balance transformers shall also be completed and a half yearly report on the same be submitted.

Compliance vide the present Petition:

PGVCL submits progress report on providing Meters on Distribution Transformer. Status of Distribution Transformer metering as on 30th September, 2015 is as under:



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Distribution Transformer Meter Installation						
Particulars	Urban	Ind	GIDC	JGY	Ag dominant	Total
Nos.	39451	7842	2678	39452	427643	517066
Meters Installed	38125	7823	2537	39428	284485	372398
% Meters Installed	96.64%	99.76%	94.73%	99.94%	66.52%	72.02%

Commission's Comments

UGVCL shall strive hard and install meters on the balance transformers by 31.12.2016 and submit a report to the Commission. Results of energy audit conducted be submitted to the Commission along with the action taken report by 31.12.2016.

Directive 2: Reintroduction of Energy Efficient Pump sets scheme

Compliance:

As a one of the Demand Side Management Programs, Company is in the process of submitting a program for utilization of Energy Efficient Pump Sets by Agriculture Consumers. Periodical report shall be submitted to GERC once the program is implemented.

Commission's Comments

Action taken is noted. PGVCL shall submit the first report by 30th September, 2015.

Compliance vide the present Petition:

Pursuant to Demand Side Management Regulations notified by Commission, PGVCL devised a "DSM Plan" for installation of "Energy Efficient Pump Sets" while releasing new Agriculture Connection. Program has been approved by Commission and implemented by PGVCL. Also, time to time report is submitted to Commission.

Commission's Comments

The compliance is noted.

Directive 3: Losses on Jyoti Gram Yojna feeders

Commission's Comments

It is observed by the Commission that the Loss level of 39.10% (up to Septemebr,2014) is still high and PGVCL was directed to put in serious efforts to



bring down the losses substantially.

Compliance vide the present petition

The directive given by the Commission is noted. Focused actions in the direction of reducing the losses in JGY category are being implemented and the company is committed to reduce the losses.

Commission's Comments

The compliance of PGVCL is very vague and does not give the actual picture of the losses and the efforts put in to bring down the same. PGVCL is directed to be serious in compliance of the directives given by the Commission.

PGVCL is once again directed to put in serious and concerted efforts to bring down the losses. They shall furnish action taken report at quarterly intervals.

8.2 New Directive issued vide Tariff Order dated 31st March, 2015

Directive

The Commission considers HT & LT voltage loss level historically as submitted by DISCOMs since long. There is significant change in HT-LT ratio of distribution network in last few years. Hence, it is required to revisit HT-LT losses to arrive at a reasonable wheeling charge. In view of the above, DISCOMs shall initiate a study on the segregation of HT & LT losses and submit a report by September, 2015.

Compliance

Energy losses in the system occur in the process of supplying electricity to consumers due to various reasons. The losses are due to energy dissipated in the conductors and equipment used for transmission, transformation, sub-transmission and distribution of power. These losses are inherent in a system and cannot be avoided but can be reduced to an optimum level. The losses can be further sub grouped depending upon the stage of power transformation & transmission system as Transmission Losses (400kV/220kV/132kV/66kV), as Sub transmission losses (33kV /11kV) and Distribution losses (11kV/0.4kV).

According to a study carried out by Electric Power Research Institute (EPRI) of the USA some time back, the level of losses in various elements of the T&D system



usually are of the order as indicated below:

System elements	Power Losses (%)	
	Minimum	Maximum
Step-up transformers & EHV Transmission system	0.5	1.0
Transformation to intermediate voltage level, transmission system & step down to Sub-transmission voltage level	1.5	3.0
Sub-transmission system & step-down to distribution voltage level	2.0	4.5
Distribution lines and service connections	3.0	7.0
Total Losses	7.0	15.5

The losses in a given T&D system would, however, depend on the pattern of energy use, intensity of load demand, load density, and configuration of the distribution system that vary for various system elements. It is technically very difficult to have comprehensive study and to segregate the loss between HT & LT. Uptil now; the segregation of Distribution Loss was carried out on the basis of above study done by EPRI. It is worth to mention that Distribution Companies have adopted High Voltage Distribution System and over a period of time the ratio of HT to LT has improved significantly which can be observed from the below table.

It is to state that the absolute value of the Distribution losses reduces with the increase in High Tension Distribution system and decrease in low tension Distribution system. However, in terms HT/LT losses ratio, the same increases in line with the increase in High Voltage Distribution system as the energy transfer from High Voltage System to low voltage side gets reduced.

For illustration, a given Distribution System configuration was handling say 10,000 MUs prior to conversion to HVDS. Out of which, consumption at HT side was, say 5000 MUs and the balance 5000 MUs were transferred to Low Voltage for consumption at Low Tension side. Now, if the configuration of above distribution system is modified by converting LT system with HVDS in that case the amount of energy being transferred to Low Voltage Side will get reduced and more energy will be consumed on High Voltage Side, which will not only reduce overall Distribution loss of the system but the ratio of High Voltage Side losses to Low Voltage Side losses will increase. Since, DISCOMs have adopted HVDS concept, the HT/LT ratio in the distribution system have significantly improved over a period of time, which would have resulted in to higher value of HT/LT losses ratios.



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Distribution Loss approved by the Commission includes the losses occurred in HT & LT network both. Therefore, it is proposed to segregate HT and LT Distribution Loss on the basis of HT/LT length ratios of previous year i.e. FY 2014-15. The historical details of HT/LT length ratio is as under:

Company	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
DGVCL	HT Lines (11KV+22KV) (CKM)	31573	33454	37474	39260	41044
	LT Lines (CKM)	42078	43444	45207	46340	47472
	HT to LT Ratio	0.7503	0.7701	0.8289	0.8472	0.8646
MGVCL	HT Lines (11KV+22KV) (CKM)	38048	39401	42275	47316	50512
	LT Lines (CKM)	55756	57452	58776	61035	63485
	HT to LT Ratio	0.6824	0.6858	0.7193	0.7752	0.7956
UGVCL	HT Lines (11KV+22KV) (CKM)	73390	75237	79095	84263	89640
	LT Lines (CKM)	64553	66816	67936	69123	70310
	HT to LT Ratio	1.1369	1.1260	1.1643	1.2190	1.2749
PGVCL	HT Lines (11KV+22KV) (CKM)	101501	110714	125426	137951	150768
	LT Lines (CKM)	125254	126254	127725	127877	128030
	HT to LT Ratio	0.8104	0.8769	0.9820	1.0788	1.1776
GUVNL	HT Lines (11KV+22KV) (CKM)	244512	258806	284270	308790	331964
	LT Lines (CKM)	287641	293966	299644	304375	309297
	HT to LT Ratio	0.8501	0.8804	0.9487	1.0145	1.0733

Commission's Comments

While the compliance is noted, PGVCL is directed to conduct energy audit and submit a sample energy audit report for transformers having different consumer mix along with action taken, if any, for reducing the losses.

The Commission hereby further directs the Utilities to conduct a fresh evaluation study to work out the exact losses in HT and LT side.



9. Tariff Philosophy and Tariff Proposals

9.1 Introduction

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy (NEP), the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and GERC (MYT) Regulations, 2011 notified by the Commission.

Section 61 of the Act lays down the broad principles, and guidelines for determination of retail supply tariff. The basic principle is to ensure that the tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidies amongst categories within a period to be specified by the Commission.

9.2 DISCOMs Tariff Proposal and Changes in Tariff Structure

GERC Order dated 2nd December, 2015 on the Petition No. 1534/2015 states the following:

“...We also decide that the licensees/generating companies shall file the ARR for FY 2016-17 based on the MYT Regulations for FY 2016-17 to FY 2020-21 and the true up for the same shall also be governed as per the new MYT Regulations. We also decide 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...”

The is requested to approve this ARR for FY 2016-17 as provisional. Further, it is requested that the Commission may take into account the facts that the actual ARR for FY 2014-15 is higher than the current provisional ARR for FY 2016-17 and final ARR for FY 2016-17 is expected to be quite higher than the current provisional ARR for FY 2016-17 due the increase in overall expenses as well as the impact of 7th Pay Commission implementation from 1st January 2016, during the tariff determination exercise for FY 2016-17.

Considering the above methodology adopted by the Commission to consider the current revenue gap/(surplus) as provisional and a fresh ARR for FY 2016-17 need to



be submitted after the notification of new MYT Regulations, no tariff revision is provisionally proposed for FY 2016-17.

The company is proposing to change the demand charges for “LTMD” category of consumers from “per kW per month” basis to “per kVA per month” basis considering unity power factor. This change will also be applicable to “Non-RGP” category of consumers who opts to be charged under the “LTMD” category tariff in place of “Non-RGP” category tariff

Currently the LTMD category of consumers are billed demand charges on “per kW per month” basis. For maintaining power factor/reactive power management, the reactive energy charges at the rate of 10 paise per KVARH are recovered from this category of consumers.

Power factor of the system is governed by the nature of Load. Generally low power factor is caused by the highly inductive load on the system. Due to low power factor actual working component of the power gets reduced leading the system to overloading, higher line losses, voltage dips. With low power factor it becomes difficult for the company for economical operation of the system & maintenance due to more breakdowns, higher line losses, higher conductor size, installation cost of power factor correcting equipments, etc. So, it becomes very important that power factor is maintained near to unity for reliable & economical operation of the system

By changing the demand charges for “LTMD” category of consumers from “per kW per month” basis to “per kVA per month” basis considering unity power factor, the company expects that the overall power factor of the system will be improved & due to this, the system will be more reliable, will have less maintenance due to breakdown, overall increase in system capacity, lesser voltage drop and reduction in T&D losses. It will also inculcate better customer discipline in maintaining system parameters and consumers will be able to get more reliable supply due to system improvement.

Also private distribution companies in Gujarat already have this tariff structure for “LTMD” category of consumers.



Considering the above points, we request the Commission to approve the proposed changes in the tariff structure for FY 2016-17.

9.3 Commission's Analysis

The distribution companies in their proposal have submitted that no tariff revision is proposed for FY 2016-17.

However, DISCOMs have proposed to change the recovery of demand charge in LTMD category from "per kW per month" basis to "per KVA per month" basis. It is further submitted that this change is applicable to "Non-RGP category" of consumers also who opt to be charged under the "LTMD" category tariff in place of "Non-RGP" category tariff.

The Commission at present do not consider the suggestion of DISCOMs as just changing the nomenclature of recovery of demand charges from kW to kVA may cause some operational issues like the LT consumers who are on the threshold limit of applicability of HT tariff shall compulsorily be transferred to HT category. Further, the provision of recovery of reactive energy charge in the LTMD category takes care about power factor improvement. In view of this, it is not necessary to have recovery of fixed charge on "per kVA per month" basis for LTMD tariff category consumers.

Further, as mentioned in the earlier chapters, there is a consolidated surplus of Rs. 656.55 Crore for four DISCOMs. The Commission decided to pass on the benefit of the surplus to the consumers keeping in mind the laid down principles of tariff determination like;

- A. Consumers' capacity to pay
- B. Correct recovery of fixed charges, which is depictive of the fixed costs
- C. Gradual reduction in the level of cross subsidization as provided in Tariff Policy
- D. Incentivising energy conservation through telescopic tariff
- E. Demand Side Management by shifting of consumption from peak hours to off-peak hours
- F. Promotion of efficient use of electricity



The major changes incorporated by the Commission in the tariff schedule are as under.

1. Tariff for residential consumers of the villages located in the geographical jurisdiction of the Urban Development Authority

The Residential consumers of the villages within the geographical jurisdiction of Urban Development Authority pay higher charges compared to Villages in Rural areas. The villages in Rural areas are charged under RGP-Rural tariff category which is 25 Ps/Unit lower than the Domestic consumers in the villages covered under Urban Development Authority.

To remove this anomaly, the Commission decided to charge the consumers of villages which are under Urban Development Authority at par with the consumers of villages of Rural Areas.

2. Energy charge for all the slabs of residential consumers reduced by 10 Paise/unit.

3. Changes in the conditions applicable to consumers using energy exclusively during night hours

The Tariff Policy provides for the promotion of time-of-use tariff. The existing tariff schedule stipulates tariff for exclusive night hours usage of electricity through tariff categories Non-RGP Night, LTMD Night and HTP-IV. Tariffs for night consumption has been kept at lower rate in order to incentivise energy consumption during night hours and thereby infusing efficiency and optimising usage of Generation, Transmission & Distribution assets. Night time consumption also facilitates the distribution licensees to optimise their power purchase cost which in turn benefits the consumers. Though these tariff categories are in vogue since last many years, the consumers didn't get attracted to avail the benefit of this category because of some conditionalities built into the tariff. These conditionalities found to be preventing the consumers in switching over the night time category tariff. It has also come to the notice of the Commission that some



litigations have also arisen related to interpretation and implementation of these limiting clauses.

In view of the above, and in order to incentivise and promote the night consumption with ample clarity to both the stakeholders i.e. licensees and consumers the Commission decided to relax these limiting conditions as shown in the tariff schedule attached with this Order.

4. Concession for use of electricity during night hours

The Consumers who are opting to operate during night hours i.e. 10:00 PM to 06:00 AM (next day) are being given some discount for the energy consumption during these hours. However, this discount is available for the consumption in excess of 1/3rd of the total energy consumed during the month. In order to promote night time usage and harnessing the benefit of such usage as stated in para 3 above, the Commission decided to remove the conditionality of 1/3rd usage. Now the entire night time consumption during 10:00 PM to 6:00 AM next morning shall be eligible for concessional energy charge. To keep this change revenue neutral for distribution licensees, the night time concession is changed from 85 Paise/unit to 40 Paise/unit.

5. Fixed charges in the tariff structure

The Tariff Policy and Electricity Act, 2003, provide for gradual reduction of cross subsidy in tariff structure. At present the LTMD and HTP-I category of the tariff schedule are substantially cross subsidizing the other categories.

Further, it is a laid down principle to have fixed cost recovery through fixed charges. However, historically, the tariff structure is skewed in such a manner that fixed charges recovered from the consumers are not compensating the fixed costs of utilities. At present, major portion of the fixed cost is being recovered through energy charges.

In order to address these issues to some extent, the fixed charges for the HT category & LTMD category of consumers are increased and energy charge for



these categories are correspondingly reduced making the change revenue neutral for consumers as well as distribution licensees.

The energy charge of HTP-I and LTMD categories are further reduced to achieve reduction in the level of cross subsidization from the present level.

With this modification, rationalization in the tariff structure and revision in the tariff rates, there will be gross benefit of Rs. 414.03 Crore to the consumers of the State Owned DISCOMs. Since the ARR and projected revenue for FY 2016-17 are provisional and are likely to get changed due to notification of GERC (MYT) Regulations, 2016 effective from 1st April 2016, the Commission has not addressed the entire surplus of Rs. 656.55 Crore.



COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for PGVCL for FY 2016-17 as shown in the Table below:

Approved ARR for PGVCL for FY 2016-17

(Rs. Crore)		
Sl. No.	Particulars	FY 2016-17
1	Cost of power purchase	9204.68
2	Operations & Maintenance expenses	411.35
2.1	Employee cost	562.16
2.2	Repairs and Maintenance	83.21
2.3	Administration and General expenses	114.91
2.4	Other debits	3.71
2.5	Extraordinary items	-
2.6	Net prior period expenses / income	-
2.7	Other expenses capitalised	(352.64)
3	Depreciation	567.63
4	Interest and finance charges	332.24
5	Interest on working capital	0
6	Provision for bad debts	2.14
7	Return on equity	359.42
8	Provision for tax / tax paid	15.00
9	Total expenditure (1 to 8)	10892.45
10	Less: Non-Tariff income	278.65
11	Aggregate Revenue Requirement	10613.80

The retail supply tariffs for PGVCL distribution area for FY 2016-17 determined by the Commission are annexed to this order.

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

Sd/-

P. J. THAKKAR
Member

Sd/-

K. M. SHRINGARPURE
Member

Place: Gandhinagar

Date: 31/03/2016





ANNEXURE: TARIFF SCHEDULE

**TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION,
AND EXTRA HIGH TENSION**
Effective from 1st April, 2016

GENERAL

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of unbundled Distribution Licensees of the erstwhile GEB viz. DGVCL, MGVCL, PGVCL and UGVCL.
2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.
3. All these tariffs for power supply are applicable to only one point of supply.
4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.
5. Except in cases where the supply is used for purposes for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
6. Meter charges shall be applicable as prescribed under 'GERC (Licensee's Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005 as in force from time to time.
7. The various provisions of the GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations will continue to apply.
8. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).
10. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.



11. The Fixed charges, minimum charges, demand charges, meter rent and the slabs of consumption of energy for energy charges mentioned shall not be subject to any adjustment on account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of billing period for any reason.
12. Prompt payment discount on the total bill excluding all types of levies, duties or taxes levied by the Government or any other competent authorities and meter rent but including fixed charges, energy charges and minimum charge may be allowed at the 1% rate for all tariff categories provided that the payment is made within 7 days of presentation of bill and that no previous amount is outstanding as on the date of the bill.
13. Contract Demand shall mean the maximum kW / kVA for the supply of which licensee undertakes to provide facilities to the consumer from time to time.
14. 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.
15. 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.
16. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and licensee shall be entitled to take any other action deemed necessary and authorized under the Act.
17. Delayed payment charges for all consumers:

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

Delayed payment charges will be levied at the rate of 15% per annum in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.

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



PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY
AT LOW AND MEDIUM VOLTAGE

1.0 RATE: RGP

This tariff is applicable to all services in the residential premises which are not covered under 'Rate: RGP (Rural)' Category.

Single-phase supply- Aggregate load up to 6 kW

Three-phase supply- Aggregate load above 6 kW

1.1 FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(d)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers:

Fixed charges	Rs. 5/- per month
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PLUS

1.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:
(OTHER THAN BPL CONSUMERS)

(a)	First 50 units	305 Paise per Unit
(b)	Next 50 units	350 Paise per Unit
(c)	Next 100 units	415 Paise per Unit
(d)	Next 50 units	425 Paise per Unit
(e)	Above 250 units	520 Paise per Unit

1.3 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:
FOR THE CONSUMER BELOW POVERTY LINE (BPL)**

(a)	First 30 units	150 Paise per Unit
(b)	For remaining units	Rate as per RGP

**The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the sub-division office of the Distribution Licensee. The concessional tariff is only for 30 units per month.

1.4 MINIMUM BILL (EXCLUDING METER CHARGES)

Payment of fixed charges as specified in 1.1 above.



2.0 RATE: RGP (RURAL)

This tariff is applicable to all services for residential premises located in areas within Gram Panchayat as defined in the Gujarat Panchayats Act.

Single-phase supply- Aggregate load up to 6 kW

Three-phase supply- Aggregate load above 6 kW

2.1 FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(d)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers:

Fixed charges	Rs. 5/- per month
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PLUS

2.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:
(OTHER THAN BPL CONSUMERS)

(a)	First 50 units	265 Paise per Unit
(b)	Next 50 units	310 Paise per Unit
(c)	Next 100 units	375 Paise per Unit
(d)	Next 50 units	385 Paise per Unit
(e)	Above 250 units	490 Paise per Unit

2.3 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:
FOR THE CONSUMER BELOW POVERTY LINE (BPL) **

(a)	First 30 units	150 Paise per Unit
(b)	For remaining units	Rate as per RGP (Rural)

**The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the sub-division office of the Distribution Licensee. The concessional tariff is only for 30 units per month.

2.4 MINIMUM BILL (EXCLUDING METER CHARGES):

Payment of fixed charges as specified in 2.1 above.

Note: If the part of the residential premises is used for non-residential (commercial) purposes by the consumers located within 'Gram Panchayat' as defined in Gujarat Panchayat Act, entire consumption will be charged under



this tariff.

3.0 RATE: GLP

This tariff is applicable to the educational institutes and other institutions registered with the Charity Commissioner and research and development laboratories.

(a)	Fixed charges	Rs. 70/- per month
(b)	Energy charges	390 Paise per Unit

4.0 RATE: NON-RGP

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

4.1 FIXED CHARGES PER MONTH:

(a)	First 10 kW of connected load	Rs. 50/- per kW
(b)	For next 30 kW of connected load	Rs. 85/- per kW

PLUS

4.2 ENERGY CHARGES:

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	435 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	465 Paise per Unit

4.3 MINIMUM BILL PER INSTALLATION FOR SEASONAL CONSUMERS

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

(b) Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing at least one month before commencement of billing period about the off-season during which energy consumption, if any, shall be mainly for overhauling of the



plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of the off-season so declared and observed shall be not less than three calendar months in a calendar year.

- (c) The total minimum amount under the head “Fixed and Energy Charges” payable by the seasonal consumer satisfying the eligibility criteria under sub-clause (a) above and complying with the provision stipulated under sub-clause (b) above shall be Rs. 1800 per annum per kW of the contracted load.
- (d) The units consumed during the off-season period shall be charged for at a flat rate of 480 Paise per unit.
- (e) The electricity bills related to the off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills related to the seasonal period only under the heads “Fixed Charges” and “Energy Charges”, shall be taken into account while determining the amount of short-fall payable towards the annual minimum bill as specified under sub-clause (c) above.

5.0 RATE: LTMD

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

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

5.1 FIXED CHARGES:

	For billing demand up to the contract demand	
(a)	(i) For first 40 kW of billing demand	Rs. 90/- per kW per month
	(ii) Next 20 kW of billing demand	Rs. 130/- per kW per month
	(iii) Above 60 kW of billing demand	Rs. 195/- per kW per month
(b)	For billing demand in excess of the contract demand	Rs. 265/- per kW

PLUS



5.2 ENERGY CHARGES:

For the entire consumption during the month	460 Paise per Unit
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PLUS

5.3 REACTIVE ENERGY CHARGES:

For all the reactive units (KVARH) drawn during the month	10 paise per KVARH
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5.4 BILLING DEMAND

The billing demand shall be highest of the following:

- (a) Eighty-five percent of the contract demand
- (b) Actual maximum demand registered during the month
- (c) 15 kW

5.5 MINIMUM BILL

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

5.6 SEASONAL CONSUMERS TAKING LTMD SUPPLY:

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

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

5.6.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 5.6.1 above and complying with provisions stipulated under sub-



clause 5.6.2 above shall be Rs. 2970 per annum per kW of the billing demand.

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

- (a) The highest of the actual maximum demand registered during the calendar year.
- (b) Eighty-five percent of the arithmetic average of contract demand during the year.
- (c) 15 kW.

5.6.5.1 Units consumed during the off-season period shall be charged for at the flat rate of 470 Paise per unit.

6.0 RATE: NON-RGP NIGHT

This tariff is applicable for aggregate load up to 40 kW and using electricity **exclusively during night hours** from 10:00 PM to 06:00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

6.1 FIXED CHARGES PER MONTH:

50% of the Fixed charges specified in Rate Non-RGP above.

PLUS

6.2 ENERGY CHARGES:

For entire consumption during the month	260 Paise per Unit
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NOTE:

1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 6.0 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 6.0 above.
3. In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per Non-RGP category demand charge rates given in para 4.1 of this schedule.
4. In case the consumer failed to observe condition no. 2 above during



any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per Non-RGP category energy charge rates given in para 4.2 of this schedule.

5. In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per Non-RGP category demand charge and energy charge rates given in para 4.1 and 4.2 respectively, of this schedule.
6. This tariff shall be applicable if the consumer so opts to be charged in place of Non-RGP tariff by using electricity exclusively during night hours as above.
7. The option can be exercised to switch over from Non-RGP tariff to Non-RGP Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.

7.0 RATE: LTMD- NIGHT

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

7.1 FIXED CHARGES PER MONTH:

50% of the Fixed charges specified in Rate LTMD above.

PLUS

7.2 ENERGY CHARGES:

For entire consumption during the month	260 Paise per Unit
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7.3 REACTIVE ENERGY CHARGES:

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

1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 7.0 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 7.0 above.



3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per LTMD category demand charge rates given in para 5.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per LTMD category energy charge rates given in para 5.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per LTMD category demand charge and energy charge rates given in para 5.1 and 5.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of LTMD tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to switch over from LTMD tariff to LTMD Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*

8.0 RATE: LTP- LIFT IRRIGATION

Applicable for supply of electricity to Low Tension Agricultural consumers contracting load up to 125 HP requiring continuous (twenty-four hours) power supply for lifting water from surface water sources such as canal, river, & dam and supplying water directly to the fields of farmers for agricultural irrigation only.

(a)	Fixed charges per month	Rs. 45/- per HP
PLUS		
(b)	Energy charges For entire consumption during the month	180 Paise per Unit

9.0 RATE: WWSP

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

9.1 Type I – Water works and sewerage pumps operated by other than local



authority:

(a)	Fixed charges per month	Rs. 25/- per HP
PLUS		
(b)	Energy charges per month: For entire consumption during the month	430 Paise per Unit

- 9.2 Type II** – Water works and sewerage pumps operated by local authority such as Municipal Corporation. Gujarat Water Supply & Sewerage Board located outside Gram Panchayat Area will also attract this tariff:

(a)	Fixed charges per month	Rs. 20 per HP
PLUS		
(b)	Energy charges per month: For entire consumption during the month	410 Paise per Unit

- 9.2 Type III** – Water works and sewerage pumps operated by Municipalities / Nagarpalikas and Gram Panchayats or Gujarat Water Supply & Sewerage Board for its installations located in Gram Panchayats:

Energy charges per month: For entire consumption during the month	320 Paise/Unit
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9.4 TIME OF USE DISCOUNT:

Applicable to all the water works consumers having connected load of 50 HP and above for the Energy consumption during the Off-Peak Load Hours of the Day.

For energy consumption during the off-peak period, viz., 1100 Hrs. to 1800 Hrs.	40 Paise per Unit
For energy consumption during night hours, viz., 2200 Hrs. to 0600 Hrs. next day	85 Paise per Unit

10.0 RATE: AG

This tariff is applicable to services used for irrigation purposes only excluding installations covered under LTP- Lift Irrigation category.

- 10.1 The rates for following group are as under:

10.1.1 HP BASED TARIFF:

For entire contracted load	Rs. 200 per HP per month
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ALTERNATIVELY

10.1.2 METERED TARIFF:

Fixed Charges	Rs. 20 per HP per month
Energy Charges: For entire consumption	60 Paise per Unit per month

10.1.3 TATKAL SCHEME:

Fixed Charges	Rs. 20 per HP per month
Energy Charges: For entire consumption	80 Paise per Unit per month

NOTE: The consumers under Tatkal Scheme shall be eligible for normal metered tariff as above, on completion of five years period from the date of commencement of supply.

10.2 No machinery other than pump water for irrigation (and a single bulb or CFL up to 40 watts) will be permitted under this tariff. Any other machinery connected in the installation governed under this tariff shall be charged separately at appropriate tariff for which consumers shall have to take separate connection.

10.3 Agricultural consumers who desire to supply water to brick manufacturing units shall have to pay Rs. 100/HP per annum subject to minimum of Rs. 2000/- per year for each brick Mfg. Unit to which water is supplied in addition to existing rate of HP based / metered agricultural tariff.

10.4 Such Agricultural consumers shall have to pay the above charges for a full financial year irrespective of whether they supply water to the brick manufacturing unit for full or part of the Financial Year.

Agricultural consumers shall have to declare their intension for supply of the water to such brick manufacturing units in advance and pay charges accordingly before commencement of the financial year (i.e. in March every year).

11.0 RATE: SL

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

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



11.1.1 ENERGY CHARGES:

For all the units consumed during the month:	405 Paise per Unit
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11.1.2 OPTIONAL KVAH CHARGES:

For all the kVAh units consumed during the month:	305 Paise per Unit
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11.1.3 Renewal and Replacements of Lamps:

The consumer shall arrange for renewal, maintenance and replacement of lamp, associated Fixture, connecting wire, disconnecting device, switch including time switch etc. at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.

11.1.4 Maintenance other than Replacement of Lamps:

Maintenance of the street lighting conductor provided on pole to connect the street light shall be carried out by Distribution Licensee.

11.2 Tariff for power supply for street lighting purposes to consumers other than the local authorities and industrial estates:

11.2.1 FIXED CHARGES:

Rs. 30 per kW per month

11.2.2 ENERGY CHARGES:

For all units consumed during the month	405 Paise per kWh
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11.2.3 Renewal and Replacement of Lamps:

The consumer shall arrange for renewal, maintenance and replacement of lamp, associated Fixture, connecting wire, disconnecting device, switch including time switch etc. at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.

11.2.4 Maintenance other than Replacement of Lamps:

Maintenance of the street lighting conductor provided on pole to connect the street light shall be carried out by Distribution Licensee.



12.0 RATE: TMP

This tariff is applicable to services of electricity supply for temporary period at the low voltage. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

12.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 15 per kW per Day
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12.2 ENERGY CHARGE

A flat rate of	465 Paise per Unit
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Note: Payment of bills is to be made within seven days from the date of issue of the bill. Supply would be disconnected for non-payment of dues on 24 hours' notice.



PART - II

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

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

13.0 RATE: HTP-I

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

13.1 DEMAND CHARGES:

13.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 150/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 260/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 475/- per kVA per month

13.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 555 per kVA per month
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PLUS

13.2 ENERGY CHARGES

For entire consumption during the month		
(a)	Up to 500 kVA of billing demand	400 Paise per Unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	420 Paise per Unit
(c)	For billing demand above 2500 kVA	430 Paise per Unit

PLUS

13.3 TIME OF USE CHARGES:

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	45 Paise per Unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

13.4 BILLING DEMAND:

The billing demand shall be the highest of the following:



- (a) Actual maximum demand established during the month
- (b) Eighty-five percent of the contract demand
- (c) One hundred kVA

13.5 MINIMUM BILLS:

Payment of “demand charges” based on kVA of billing demand.

13.6 POWER FACTOR ADJUSTMENT CHARGES:

13.6.1 Penalty for poor Power Factor:

- (a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 13.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- (b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 13.2 of this schedule, will be charged.

13.6.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 13.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

13.7 MAXIMUM DEMAND AND ITS MEASUREMENT:

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

13.8 CONTRACT DEMAND:

The contract demand shall mean the maximum KW/KVA for the supply, of



which the supplier undertakes to provide facilities from time to time.

13.9 REBATE FOR SUPPLY AT EHV:

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

13.10 CONCESSION FOR USE OF ELECTRICITY DURING NIGHT HOURS:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning shall be eligible for concession at the rate of 40 Paise per unit.

13.11 SEASONAL CONSUMERS TAKING HT SUPPLY:

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

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

13.11.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 13.11.1 above and complying with provisions stipulated under sub-clause 13.11.2 above shall be Rs. 4550 per annum per kVA of the billing demand.

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

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



calendar year.

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

13.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 430 Paise per unit.

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

14.0 RATE HTP-II

Applicability: This tariff shall be applicable for supply of energy to HT consumers contracting for 100 kVA and above, requiring power supply for Water Works and Sewerage pumping stations run by Local Authorities and GW & SB. GIDC Water Works.

14.1 DEMAND CHARGES:

14.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 115/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 225/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 290/- per kVA per month

14.1.2 For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs. 360 per kVA per month
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PLUS

14.2 ENERGY CHARGES:

For entire consumption during the month		
(b)	Up to 500 kVA of billing demand	435 Paise per Unit
(c)	For billing demand above 500 kVA and up to 2500 kVA	455 Paise per Unit
(d)	For billing demand above 2500 kVA	465 Paise per Unit



PLUS

14.3 TIME OF USE CHARGES:

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	45 Paise per Unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

- | | | |
|--|----------------------------------|-------------------------------------|
| <p>14.4 Billing demand</p> <p>14.5 Minimum bill</p> <p>14.6 Maximum demand and its measurement</p> <p>14.7 Contract Demand</p> <p>14.8 Rebate for supply at EHV</p> <p>14.9 Concession for use of electricity during night hours</p> | <p style="font-size: 3em;">}</p> | <p>Same as per
HTP-I Tariff</p> |
|--|----------------------------------|-------------------------------------|

14.10 POWER FACTOR ADJUSTMENT CHARGES:

14.10.1 Penalty for poor Power Factor:

- (a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 14.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- (b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 14.2 of this schedule, will be charged.

14.10.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 14.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.



15.0 RATE: HTP-III

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

15.1 DEMAND CHARGES:

For billing demand up to contract demand	Rs. 18/- per kVA per day
For billing demand in excess of contract demand	Rs. 20/- per kVA per day

PLUS

15.2 ENERGY CHARGES:

For all units consumed during the month	660 Paise/Unit
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PLUS

15.3 TIME OF USE CHARGES:

Additional charge for energy consumption during two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	85 Paise per Unit
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15.4 Billing demand

15.5 Minimum bill

15.6 Maximum demand and its measurement

15.7 Contract Demand

15.8 Rebate for supply at EHV



Same as per
HTP-I Tariff

15.9 POWER FACTOR ADJUSTMENT CHARGES:

15.9.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 15.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on



the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 15.2 of this schedule, will be charged.

15.9.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 15.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

16.0 RATE: HTP-IV

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

16.1 DEMAND CHARGES:

1/3 rd of the Fixed Charges specified in Rate HTP-I above.

PLUS

16.2 ENERGY CHARGES:

For all units consumed during the month	225 Paise per Unit
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16.3 Billing demand

16.4 Minimum bill

16.5 Maximum demand and its measurement

16.6 Contract Demand

16.7 Rebate for supply at EHV

} Same as per
HTP-I Tariff

16.8 POWER FACTOR ADJUSTMENT CHARGES:

16.8.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy



Charges”, arrived at using tariff as per para 16.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

- (b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 16.2 of this schedule, will be charged.

16.8.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 16.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

NOTE:

1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 16.0 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 16.0 above.
3. In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTP-I category demand charge rates given in para 13.1 of this schedule.
4. In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTP-I category energy charge rates given in para 13.2 of this schedule.
5. In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per HTP-I category demand charge and energy charge rates given in para 13.1 and 13.2 respectively, of this schedule.



6. *This tariff shall be applicable if the consumer so opts to be charged in place of HTP-I tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to switch over from HTP-I tariff to HTP-IV tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*

17.0 RATE: HTP- V

HT - Agricultural (for HT Lift Irrigation scheme only)

This tariff shall be applicable for supply of electricity to High Tension Agricultural consumers contracting for 100 kVA and above, requiring power supply for lifting water from surface water sources such as canal, river and dam, and supplying water directly to the fields of farmers for agricultural irrigation only.

17.1 DEMAND CHARGES:

Demand Charges Rs. 50 per kVA per month

PLUS

17.2 ENERGY CHARGES:

For all units consumed during the month	180 Paise per Unit
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17.3 Billing demand	}	Same as per HTP-I Tariff
17.4 Minimum bill		
17.5 Maximum demand and its measurement		
17.6 Contract Demand		
17.7 Rebate for supply at EHV		

17.8 POWER FACTOR ADJUSTMENT CHARGES:

17.8.1 Penalty for poor Power Factor:

- (c) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 17.2 of this schedule, for every 1% drop or part thereof in the average power factor during the



month below 90% up to 85%.

(d) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 17.2 of this schedule, will be charged.

17.8.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 17.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

18.0 RATE: RAILWAY TRACTION

This tariff is applicable for power supply to Railway Traction at 132 kV/66 kV.

18.1 DEMAND CHARGES:

For billing demand up to the contract demand	Rs. 180 per kVA per month
For billing demand in excess of contract demand	Rs. 425 per kVA per month

NOTE: In case of the load transfer for traction supply due to non-availability of power supply at preceding or succeeding point of supply or maintenance at DISCOM’s level, excess demand over the contract demand shall be charged at normal rate at appropriate point of supply.

Normal Demand Charges will also apply in case of bunching of trains. However, DISCOMs shall charge excess demand charges while raising the bills and Railways have to give convincing details and documentary proof of bunching of trains if they want to be charged at the normal demand charges. If satisfactory proof of bunching of trains is provided, DISCOM shall consider that occasion for normal demand charges, otherwise excess demand charges will be applicable specified as above at 18.1 (b).

PLUS



18.2 ENERGY CHARGES:

For all units consumed during the month	500 Paise per Unit
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18.3	Billing demand	}	Same as per HTP-I Tariff
18.4	Minimum bill		
18.5	Maximum demand and its measurement		
18.6	Contract Demand		
18.7	Rebate for supply at EHV		

18.8 POWER FACTOR ADJUSTMENT CHARGES:

18.8.1 Penalty for poor Power Factor:

- (a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 18.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- (b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 18.2 of this schedule, will be charged.

18.8.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 18.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

