

Summary of Case no. 1550 / 2015:

1. Introduction:

Paschim Gujarat Vij Company Limited (PGVCL) is an unbundled entity of erstwhile Gujarat Electricity Board and one of the distribution companies engaged in distribution of electricity in the West zone area of Gujarat.

Paschim Gujarat Vij Co. Ltd obtained its Certificate of Commencement of Business on the 15th October, 2003. However, the company had not commenced its commercial operations during the financial year ended 31st March, 2005. The Company has started commercial function w.e.f. 1st April 2005.

The Gujarat Electricity Regulatory Commission (hereinafter referred to as "GERC" or "the Hon'ble Commission"), an independent statutory body constituted under the provisions of the Electricity Regulatory Commissions (ERC) Act, 1998, is vested with the authority of regulating the power sector in the State inter alia including setting of tariff for electricity consumers. The Hon'ble Commission is now deemed to be the Commission established under Sub-Section (1) of Section-3 of the Gujarat Electricity Industries (Reorganization and Regulations) Act, 2003.

Pursuant to GERC (Multi Year Tariff) Regulations, 2011 along with other guidelines and directions issued by the GERC from time to time AND under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 read with the relevant Guidelines and order issued by Hon'ble GERC in suo-motu petition no. 1534 of 2015, PGVCL has file petition for True Up for FY 2014-15 and ARR and Determination of tariff for FY 2016 - 17.

Case no. 1550 of 2015.

Petition submitted to Hon'ble Commission is summarised as under.

2. True –Up for FY 2014 - 15:

(a) Category wise Sales approved and actual for FY 2014 – 15:

Category wise Sales approved and actual for FY 2014 – 15 is as under.

Table 1: Category-wise Sales

Sr. No.	Particulars	Sales (MUs)	
		FY 2014-15 (Approved)	FY 2014-15 (Actual)
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
	HT Total (A)	5580.00	6344.12
	Grand Total (A + B)	18943.00	19957.71

(b) Distribution Losses: -

The table below highlights the comparison of actual distribution losses of the PGVCL against that approved by the Hon'ble Commission vide its Order on Mid – term review of Business Plan, Petition no. 1355 of 2015 dated 29th April, 2014.

Table 2: Distribution Losses:

Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)
1	Distribution Losses	24.00%	24.61%

(c) Energy Requirement and Energy Balance:

The gross energy requirement for PGVCL for FY 2014-15 is as under.

Table 3: Energy Requirement and Energy Balance

S. No.	Particulars	Unit	FY 2014-15 (Approved)	FY 2014-15 (Actual)
1	Energy Sales	MUs	18,943.00	19,957.71
2	Distribution Losses	MUs	5,982.00	6,514.91
		%	24.00%	24.61%
3	Energy Requirement	MUs	24,925.00	26,472.62
4	Transmission Losses	MUs	1,071.04	1,034.14
5	Total Energy to be input to Transmission System	MUs	25,996.04	27,506.77
6	Pooled Losses in PGCIL System	MUs	520.00	467.81
7	Total Energy Requirement	MUs	26,516.04	27,974.57

(d) Capital Expenditure: The scheme-wise capital expenditure for FY 2014-15 against approved by the Hon'ble Commission is as shown below.

Table 4 Capital Expenditure

Rs in Crores

Sr. No.	Schemes	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
A	Distribution Schemes			
	Normal Development Scheme	376.00	308.49	67.51
	System Improvement Scheme	90.00	142.48	(52.48)
	Electrification of hutments	5.00	4.68	0.32
	Kutir Jyoti Scheme	-	-	-
	Scheme for meters	75.00	48.25	26.75
	Others Harijan Basti - Petapara	1.00	2.90	(1.90)
	Total	547.00	506.80	40.20
B	Rural Electrification Schemes			
	TASP(Wells & Petapara)	-	-	-
	Special Component plan	0.50	1.60	(1.10)
	Others Petapara	-	-	-
	RE Normal + Tatkal	675.00	796.18	(121.18)
	RE Wells (OA & SPA)	-	-	-
	Dark zone	-	-	-
	BADP	0.50	-	0.50
	Total	676.00	797.78	(121.78)
C	Others			
	Energy efficient pump	-	-	-
	Energy Conservation	-	-	-
	Independent certification agency	-	-	-
	Total	-	-	-
D	Non Plan Schemes			
	RE Non Plan (Tatkal)	-	-	-
	RAPDRP	50.00	60.31	(10.31)
	SCADA/DMS	47.00	-	47.00
	RGGVY	-	-	-
	DRUM	-	-	-
	Total	97.00	60.31	36.69

Sr. No.	Schemes	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
E	Other New Schemes			-
	Civil work	-	-	-
	Automatic PF control panels	-	-	-
	Fencing to Distribution Transformer	13.00	-	13.00
	Aerial Bunch Conductors	1.00	-	1.00
	HVDS	100.00	104.82	(4.82)
	Automatic meter reading	-	-	-
	Under Ground System at Pilgrim Places like Dwarka, Somnath, Bhavnath (Junagadh) etc. and important GIDC area	25.00	-	25.00
	JGY Load Shedding Transformers	1.00	-	1.00
	Marine Cable for Shiyalbet	10.00	-	10.00
	Others schemes (General Schemes)	-	20.55	(20.55)
	Smart village	-	4.12	(4.12)
	Earthquake Rehabilitation	-	-	-
	Coastal area scheme	30.00	75.70	(45.70)
	Total	180.00	205.19	(25.19)
F	Capital Expenditure Total	1,500.00	1,570.08	(70.08)

Funding of CAPEX

The funding of above mentioned Capital Expenditure is done through various sources categorised under four headings namely: Consumer Contribution, Grants, Equity and Debt. The detailed break up of funding of capital expenditure during FY 2014-15 is mentioned below.

Table 5: Funding of Capitalisation

Rs in Crores

Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Capitalization	1,395.00	1,625.78	(230.78)
2	Less : Consumer Contribution	319.04	308.20	10.84
3	Grants	88.16	121.10	(32.94)
4	Balance CAPEX	987.80	1,196.48	(208.68)
5	Debt @ 70%	691.46	837.54	(146.08)
6	Equity @ 30%	296.34	358.94	(62.60)

(e) Aggregate Revenue Requirement for FY 2014-15:

Aggregate Revenue Requirement for FY 2014-15 for PGVCL in comparison with values approved by the Hon'ble Commission is as under.

Table 6: Aggregate Revenue Requirement for FY 2014-15

Rs in Crores

Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Cost of Power Purchase	8,399.90	9,217.17	(817.27)
2	Operation & Maintenance Expenses	389.28	512.69	(123.41)
2.1	Employee Cost	531.74	578.02	(46.28)
2.2	Repair & Maintenance	78.70	106.06	(27.36)
2.3	Administration & General Charges	108.69	106.63	2.06
2.4	Other Debts	3.71	52.54	(48.83)
2.5	Extraordinary Items	-	-	-
2.6	Net Prior Period Expenses / (Income)	-	0.32	(0.32)
2.7	Other Expenses Capitalised	(333.56)	(330.89)	(2.67)
3	Depreciation	493.25	500.67	(7.42)
4	Interest & Finance Charges	310.45	310.84	(0.39)
5	Interest on Working Capital	-	-	-
6	Provision for Bad Debts	2.14	24.27	(22.13)
7	Sub-Total [1 to 6]	9,595.02	10,565.64	(970.62)

Rs in Crores

Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
8	Return on Equity	317.45	320.71	(3.26)
9	Provision for Tax / Tax Paid	15.00	8.75	6.25
10	Total Expenditure (7 to 9)	9,927.47	10,895.10	(967.63)
11	Less: Non-Tariff Income	273.19	295.36	22.17
12	Aggregate Revenue Requirement (10 - 11)	9,654.28	10,599.74	(945.46)

(f) Sharing of Gains & Losses:

Table 7: Net Gain/ (Loss) for FY 2014-15

Rs in Crores

Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	Cost of Power Purchase	8,399.90	9,217.17	(67.36)	(749.92)
2	Operation & Maintenance Expenses	389.28	512.69	(71.58)	(51.82)
2.1	Employee Cost	531.74	578.02	(46.28)	-
2.2	Repair & Maintenance	78.70	106.06	(27.36)	-
2.3	Administration & General Charges	108.69	106.63	2.06	-
2.4	Other Debits	3.71	52.54	-	(48.83)
2.5	Extraordinary Items	-	-	-	-
2.6	Net Prior Period Expenses / (Income)	-	0.32	-	(0.32)
2.7	Other Expenses Capitalised	(333.56)	(330.89)	-	(2.67)
3	Depreciation	493.25	500.67	-	(7.42)
4	Interest & Finance Charges	310.45	310.84	-	(0.39)
5	Interest on Working Capital	-	-	-	-
6	Provision for Bad Debts	2.14	24.27	(22.13)	-
7	Return on Equity	317.45	320.71	-	(3.26)
8	Provision for Tax / Tax Paid	15.00	8.75	-	6.25
9	ARR (1 to 8)	9,927.47	10,895.10	(161.07)	(806.56)
10	Non - Tariff Income	273.19	295.36	-	22.17
11	Total ARR (9-10)	9,654.28	10,599.74	(161.07)	(784.39)

(g) Revenue for FY 2014 – 15:

Actual Revenue of PGVCL for FY 2014 -15 is as under.

Table 8: Revenue for FY 2014-15

Rs in Crores

Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)
1	Revenue from Sale of Power	7,243.00	9,713.24
2	Revenue from FPPPA at Rs. 1.20 per kWh	2,273.00	
3	Other Income (Consumer related)	221.00	283.05
4	Total Revenue excluding subsidy (1+2+3)	9,737.00	9,996.29
5	Agriculture Subsidy	436.00	438.67
6	Total Revenue including subsidy (4+5)	10,173.00	10,434.96

(h) Revised Revenue Gap / Surplus for FY 2014-15:

Table 9: Revenue Gap for FY 2014-15

Rs in Crores

Sr. 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

The Hon'ble Commission is requested to approve above mentioned gap and allow PGVCL to recover this gap in FY 2016-17.

3. ARR and Tariff Determination for FY 2016-17:

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

1.1.1. "...We decide 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..."

3.1.1. Accordingly, the Hon'ble Commission's approved ARR for FY 2015-16 is considered as Provisional ARR for FY 2016-17.

Table10: Provisional ARR for FY 2016-17

Rs in Crores

Sr. No.	Particulars	FY 2016-17 (Provisional)
1	Cost of Power Purchase	9,204.68
2	Operation & Maintenance Expenses	411.35
2.1	Employee Cost	562.16
2.2	Repair & Maintenance	83.21
2.3	Administration & General Charges	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 & Finance Charges	332.24
5	Interest on Working Capital	-
6	Provision for Bad Debts	2.14
7	Sub-Total [1 to 6]	10,518.03

Rs in Crores

Sr. No.	Particulars	FY 2016-17 (Provisional)
8	Return on Equity	359.42
9	Provision for Tax / Tax Paid	15.00
10	Total Expenditure (7 to 9)	10,892.45
11	Less: Non-Tariff Income	278.65
12	Aggregate Revenue Requirement (10 - 11)	10,613.80

(a) Consumer category wise Approved Sales for FY 2016 - 17:

3.1.2. The sales for FY 2015-16 has been approved by Hon'ble Commission in Order dated 29th April, 2014 for Mid-term Review of Business Plan for PGVCL. The same is considered as provisional sales for FY 2016-17 in the table below:

Table 111: Provisional Sales for FY 2016-17

Sr. No.	Particulars	Sales (MU)
		FY 2016-17 (Provisional)
A	LT Consumers	
1	RGP	3,551.00
2	GLP	113.00
3	Non-RGP	2,180.71
4	LTMD	1,538.29
5	Public Water Works	748.00
6	Agriculture	6,005.00
7	Public Lighting	93.00
	Total (A)	14,229.00
B	HT Consumers	
8	Industrial HT	5,799.00
9	Railway Traction	0.00
	HT Total (B)	5,799.00
	Grand Total (A+B)	20,028.00

(b) Revenue Projection:

Based on provisional sales & existing retail tariff, revenue from sale of power works out to Rs. 7,730.38 Crore for FY 2016-17. The consumer category wise revenue for FY 2016-17 estimated by PGVCL is as given in the following table:

Table 12: Revenue at Existing Tariff for FY 2016-17

Sr. No.	Particulars	Revenue (Rs in Crores)
		FY 2016-17 (Existing Tariff)
A	LT Consumers	
1	RGP	1305.49
2	GLP	45.96
3	Non-RGP	1103.43
4	LTMD	857.11
5	Public Water Works	255.44
6	Agriculture	775.72
7	Public Lighting	37.71
	LT Total (A)	4,380.87
B	HT Consumers	
8	Industrial HT	3,349.51
9	Railway Traction	0.00
	HT Total (B)	3,349.51
	Grand Total (A + B)	7,730.38

The Revenue from FPPPA for FY 2015-16 has been projected considering the base rate of 120 paise per unit. The FPPPA projection for FY 2016-17 is as given in the table given below:

Table 13: FPPPA Projected for FY 2016-17

Particulars	Amount
Rate of FPPPA considered (Rs/kWh)	1.20
Sales (Mus)	20,028
FPPPA charges in Rs. Crores	2403.36

The income under the head "Other Consumer Related Income" and Agriculture subsidy for FY 2016-17 has been considered same as that approved for FY 2015-16 by the Hon'ble Commission in Mid-term Review Order dated 29th April, 2014.

The total revenue projected for FY 2016-17 is as given below:

Table 14 : Total Projected Revenue for FY 2016-17 at Existing Tariff

Sr. No.	Particulars	Rs in Crores
		FY 2016-17 (Projected)
1	Revenue with Existing Tariff	7,730.38
2	FPPPA Charges @ 120 paisa/kWh	2403.36
3	Other Income (Consumer related)	221.00
4	Agriculture Subsidy	436.00
5	Total Revenue including subsidy (1 to 4)	10,790.74

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) Crores and Rs. 133.00 Crores respectively. The Hon'ble 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:

1.1.2. "...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 crores for FY 2009-10 and gap of Rs. 133.00 crores 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 Hon'ble Commission in Order dated 29th April 2014 did not considered 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) Crores and Rs. 133.00 Crores respectively which were not considered by the Hon'ble Commission during the Truing-up of FY 2012-13 is also proposed to be recovered in the provisional ARR of FY 2016-17.

The Hon'ble 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 Crores under DSM Programme for FY 2015-16. The Hon'ble Commission had approved the same in Order dated 31st March 2015. Accordingly, the Hon'ble Commission is proposed to approve the DSM programme expenditure at Rs. 40.00 Crores 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) Crores.

Table 152: Provisional Revenue Gap/(Surplus) for FY 2016-17 at Existing Tariff

		Rs in Crores
Sr. No.	Particulars	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)

(c) Total Revenue Gap for FY 2015-16

The consolidated provisional ARR of all 4 state distribution companies is as follows:

Table 16: Consolidated Provisional ARR of All Discoms for FY 2016-17

						Rs Crores
Sr. No.	Particulars	UGVCL	PGVCL	DGVCL	MGVCL	Total
1	Aggregate Revenue Requirement approved in Mid-term Review	8,008.83	10,613.80	8,826.45	4,625.80	32,074.88
2	Revenue Gap from True up of FY 2014-15	86.28	54.52	73.20	20.77	234.77
3	Recovery of past year True-Up gap/(surplus) for FY 2009-10	16.73	(147.48)	(53.96)	47.00	(137.71)
4	Recovery of past year True-Up gap/(surplus) for FY 2010-11	307.47	133.00	12.66	32.06	485.19
5	DSM Programme Expenditure	40.00	40.00	21.37	25.00	126.37
6	Total Aggregate Revenue Requirement (1 to 5)	8,459.31	10,693.84	8,879.72	4,750.63	32,783.50

The proposed revenue gap of GSECL, GETCO & SLDC towards True-up exercise for FY 2014-15 amounting to Rs. 224.68 Crores which will be recovered from the state distribution companies is proposed to be added in the consolidated provisional ARR of FY 2016-17.

Moreover, while determining the tariff for FY 2015-16 as per the Hon'ble Commission Order dated 31st March 2015, the consolidated approved revenue gap was Rs. 996.48 Crores. The Hon'ble Commission approved the tariff hike and mentioned the following in the Order dated 31st March 2015:

1.1.3. "...With this increase, an amount of Rs. 780.90 Crore of additional revenue is estimated for the four Discoms for addressing significant portion of the gap of

Rs. 996.48 Crore. Discoms are required to make up the balance gap of Rs. 215.58 Crore by taking measure for improving efficiency in its operations.”

The tariff hike approved by the Hon'ble Commission resulted in increase of approved revenue by Rs. 780.90 Crore resulting into unattended revenue gap of Rs. 215.58 Crores which is also proposed to be recovered in the consolidated provisional ARR of FY 2016-17.

Considering all the above points, the total consolidated provisional ARR for FY 2016-17 is projected at Rs. 33,223.76 Crores.

The consolidated provisional total revenue including subsidy of all 4 state distribution companies is as follows:

Table 17: Consolidated Provisional Revenue of All Discoms for FY 2016-17

Rs in Crores						
Sr. No.	Particulars	UGVCL	PGVCL	DGVCL	MGVCL	Total
1	Revenue with Existing Tariff	5,652.95	7,730.38	7,129.17	3,665.35	24,177.85
2	FPPPA Charges @ 120 paisa/kWh	2,021.76	2,403.36	1,669.20	960.12	7,054.44
3	Other Income (Consumer related)	139.00	221.00	314.00	82.00	756.00
4	Agriculture Subsidy	530.00	436.00	53.00	82.00	1,101.00
5	Total Revenue including subsidy (1 to 4)	8,343.71	10,790.74	9,165.37	4,789.47	33,089.29

On comparison of the total consolidated provisional ARR for FY 2016-17 projected at Rs. 33,223.76 Crores with the total consolidated provisional revenue projected with existing tariff at Rs. 33,089.29 Crores, the provisional gap for FY 2016-17 is projected to be at Rs. 134.47 Crores.

(d) Tariff Proposal

No change in Tariff is proposed except to change the demand charges for "LTMD" Category of consumers from "per KW per Month" basis to "per KVA per month" basis.

(e) Provisions for availing the copy OF Submission:

Tariff petition together with supporting material will be available for inspection as well as for sale at Rs. 200/- to the interested persons at the office of The Chief Engineer, Corporate Office, Paschim Gujarat Vij Company Ltd, Laxminagar, Nana Mava Road, Rajkot-360 004 and at the office of the Superintending Engineer of PGVCL, in Charge of O&M Circle. For obtaining the copy of the petition by post, postage fee @ Rs.50/- (Rupees Fifty) will be payable extra.

NOTE: -

The total amount in such event be sent by Money Order or Demand Draft payable in favour of Paschim Gujarat Vij Company Ltd.

The electronic copies of the above mentioned petition are available at website www.guvnl.com and www.pgvcl.com

(f) Guideline for submission of response:

Pursuant to GERC (Multiyear Tariff) Regulations, 2011 & GERC (Conduct of Business) Regulations 2004, it is hereby notified that the persons who are interested in filing their objections/suggestions to the above petition may file the same with the Secretary, Gujarat Electricity Regulatory Commission, 6th floor, GIFT One, Road 5c Zone 5, GIFT City, Gandhinagar along with the document on

which they want to rely upon, in five sets, duly supported by an affidavit with the copy to the undersigned on or before 22.01.2016 and also indicate whether they intend to be heard in person.