 ISO 9001:2008 Certified	<b>DAKSHIN GUJARAT VIJ COMPANY LIMITED</b> CIN U40102GJ2003SGC042909
	Regd. & Corporate Office: "Urja Sadan", Nana Varachha Road, Kapodara Char Rasta, SURAT- 395 006 Telephone: (0261) 2506100/6200, Fax: (0261) 2506130 Website: www.dgvcl.com
	Commerce & Regulatory Deptt. Phone No.: 0261 – 2506171/2506172 E-mail: acegerc.dgvcl@gebmail.com

No. DGVCL/C&R/TU-16-17/ TD-18-19/18/

00941

Date: 12 JAN 2018

To,

The Secretary

Gujarat Electricity Regulatory Commission

6<sup>th</sup> Floor, GIFT One city,

Road 5C, Zone 5,

Gandhinagar 382 355

Sub: Filing of the Petition for True up of FY 2016-17, and Determination of Tariff for FY 2018-19 under GERC (Multi Year Tariff) Regulations, 2016 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"

Dear Sir,

In the above context, please find enclosed herewith following documents:

- 1) Five copies Petition for True up for FY 2016-17 & tariff petition for FY 2018-19, [One in Original plus Four Xerox copies].
- 2) Five copies of Annual Reports of FY 2016-17.
- 3) The Amount Rs 50, 00,000 for Tariff petition and 5,00,000 for true up Total 55,00,000(fifty five lacs ) credited through RTGS/NEFT in GERC account.

Please acknowledge the same and issue a money receipt for the same.

Thanking you,

Encl.: as above

Yours faithfully,

[B.R.Icecremwala]

Add. Chief Engineer [O&M]

ofc

Copy f.w.cs to:

- (1) The Principal Secretary,  
Energy & Petrochemical Deptt, Govt. of Gujarat,  
5<sup>th</sup> Floor, Block No.5, Sachivalaya, GANDHINAGAR.  
Encl: Two Copies of DGVCL Petition as above.
- (2) The Managing Director,  
Gujarat Urja Vikas Nigam Ltd.,  
Sardar Patel Vidhyut Bhavan,  
Race Course, VADODARA.  
Encl: Copy of DGVCL Petition as above.
- (3) The General Manager [Commerce],  
Gujarat Urja Vikas Nigam Ltd.,  
Sardar Patel Vidhyut Bhavan,  
Race Course, VADODARA.  
Encl: Two Copies of DGVCL Petition as above.
- (4) The Chief Engineer [O&M], DGVCL, Surat.  
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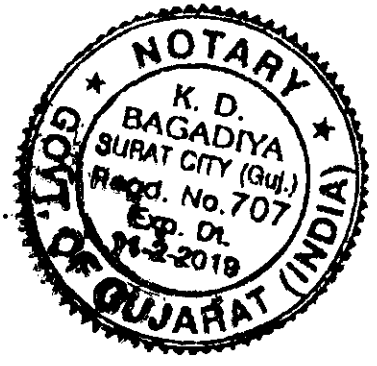
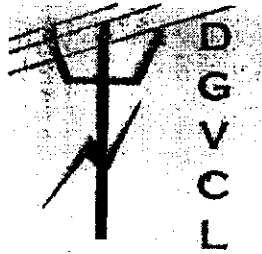
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BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION  
GANDHINAGAR



CASE NO. \_\_\_\_\_

**Filing of the Petition for True Up of FY 2016-17  
&  
Determination of Tariff for FY 2018-19**

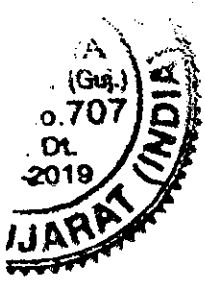
Under  
GERC (Multi Year Tariff) Regulations, 2016 along with other Guidelines and  
Directions issued by the GERC from time to time AND under Part VII (Section 61  
to Section 64) of the Electricity Act, 2003 read with the relevant Guidelines

Filed by:-

**Dakshin Gujarat Vij Company Ltd.**

Corp. Office: "Urja Sadan ", Nana Varachha Road, Kapodara, Surat - 395 006

"Save Energy for Benefit of Self and Nation"



Petition for True Up for FY 2016-17 and Determination of Tariff for FY 2018-19

BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION

GANDHINAGAR

Filing No:

Case No:

IN THE MATTER OF

Filing of the Petition for True Up of FY 2016-17 and Determination of Tariff for FY 2018-19 under GERC (Multi Year Tariff) Regulations, 2016 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

IN THE MATTER OF

Dakshin Gujarat Vij Company Limited,  
"Urja Sadan "  
Nana Varachha Road, Kapodara,  
Surat - 395 006

PETITIONER

Gujarat Urja Vikas Nigam Limited  
Sardar Patel Vidyut Bhavan,  
Race Course,  
Vadodara - 390 007

CO-PETITIONER

THE PETITIONER ABOVE NAMED RESPECTFULLY SUBMITS



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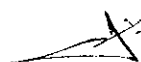


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**ABBREVIATIONS**

ARR	Aggregate Revenue Requirement
DGVCL	Dakshin Gujarat Vaj Company Limited
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Erstwhile Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GERC MYT Regulations, 2016	GERC (Multi Year Tariff) Regulations, 2016
GETCO	Gujarat Energy Transmission Corporation Limited
GoG	Government of Gujarat
GoI	Government of India
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
MGVCL	Madhya Gujarat Vaj Company Limited
MU	Million Units (Million kWh)
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff
MYT Control Period	FY 2016-17, FY 2017-18, FY 2018-19, FY 2019-20 & FY 2020-21
O&M	Operation & Maintenance
PGVCL	Paschim Gujarat Vaj Company Limited
UGVCL	Uttar Gujarat Vaj Company Limited



## SECTION 1. INTRODUCTION

### 1.1. PREAMBLE

1.1.1. This section presents the background and reasons for filing this Petition.

### 1.2. INTRODUCTION

1.2.1 The Government of Gujarat (hereinafter referred to as "GoG") notified the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 (herein after called as "Act") in May 2003 for the reorganization of the entire power sector in the State of Gujarat.

1.2.2 Pursuant to the above, Government of Gujarat in their letter vide GO / 19<sup>th</sup> August, 2003 had directed GEB to form four Distribution Companies (Discoms) based on geographical location of the circles. Accordingly the four distribution companies had been incorporated with the Registrar of Companies (RoC) on 15<sup>th</sup> September, 2003. Dakshin Gujarat Vij Company Limited (DGVCL) is one of the distribution companies engaged in distribution of electricity in the southern zone area of Gujarat.

1.2.3 The Dakshin Gujarat Vij Co. Ltd. obtained its Certificate of Commencement of Business on the 15<sup>th</sup> October, 2003. However, the company did not commence its commercial operations during the financial year ending 31<sup>st</sup> March, 2005. The Company has started its commercial function w.e.f. 1<sup>st</sup> April, 2005.

1.2.4 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 and is currently under purview of the Electricity Act, 2003. GERC is vested with the authority of regulating the power sector in the State inter alia including determination of Tariff for electricity consumers.

1.2.5 Hon'ble Commission notified the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 ("GERC MYT Regulations, 2016") on 29<sup>th</sup> March 2016 and shall be applicable for determination of tariff in all cases covered under the regulations from 1<sup>st</sup> April, 2016 onwards.

1.2.6 Under section 62 of the Electricity Act, 2003 and under the GERC MYT Regulations, 2016, DGVCL had filed its Annual Revenue Requirement for the Third Control Period (FY 2016-17 to FY 2020-21) and Determination of Tariff for the FY 2017-18 to the Hon'ble Commission on 3<sup>rd</sup> December, 2016. In respect to the above Petition, the MYT Order was issued by the Hon'ble Commission on 31<sup>st</sup> March 2017. In the above Order, the Hon'ble Commission had also approved the ARR for all the years of the Third Control Period i.e. FY 2016-17 to FY 2020-21.

1.2.7 As per the provisions stipulated in Regulation 28.8 of the GERC MYT Regulations, 2016, licensees were required to file the Petition for approval of truing up of previous year (i.e. FY 2016-17) and tariff for ensuing financial year (i.e. FY 2018-19) by 30<sup>th</sup> November of the current financial year (FY 2017-18). Revenue gap for the ensuing year (FY 2018-19) is calculated based on ARR approved in the MYT Order and Tariff



Schedule for FY 2017-18 as approved in Order (Case No. 1624 of 2016) which was passed on 31<sup>st</sup> March, 2017.

**1.3. GERC MYT REGULATIONS, 2016**

1.3.1 Under section 62 of the Electricity Act, 2003 and under the GERC MYT Regulation, 2016 along with other guidelines and directions issued by the GERC from time to time, DGVCL is required to file a Petition for Truing-Up for FY 2016-17 and Determination of Tariff for FY 2018-19 to the Hon'ble Commission. The relevant extracts of the MYT Regulations, 2016 are given in the following paragraphs.

**Section - 3.1 of MYT Regulations, 2016:**

*"3.1 The Commission shall determine tariff within the Multi-Year Tariff framework, for all matters for which the Commission has jurisdiction under the Act, including in the following cases:*

- (i) *Supply of electricity by a Generating Company to a Distribution Licensee;*  
.....
- (ii) *Intra-State transmission of electricity;*
- (iii) *SLDC Fees and Charges;*
- (iv) *Intra-State Wheeling of electricity;*
- (v) *Retail supply of electricity." (Emphasis Added)*

**Section 17 of the GERC MYT Regulations, 2016:**

17.2 *The filing for the Control Period under these Regulations shall be as under:*

- a) *MYT Petition shall comprise of:*  
.....
- b) *From the second year of the Control Period and onwards, the Petition shall comprise of:*
  - i. *Truing Up for FY 2016-17 and onwards to be carried out under Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016;*
  - ii. *Revenue from the sale of power at existing tariffs and charges for the ensuing year;*
  - iii. *Revenue gap or revenue surplus for the ensuing year calculated based on Aggregate Revenue Requirement approved in the MYT Order and truing up for the previous year;*
  - iv. *Application for determination of tariff for the ensuing year."*

**1.4. SUBMISSION BY DGVCL TO THE HON'BLE COMMISSION**

1.4.1 Under section 62 of the Electricity Act, 2003 and GERC MYT Regulations, 2016, DGVCL hereby submits the Petition for True-up of FY 2016-17 and Determination of Tariff for FY 2018-19 to the Hon'ble Commission for approval.



## SECTION 2. EXECUTIVE SUMMARY

### 2.1. PREAMBLE

2.1.1. This section highlights the summary of the Petition for True Up for FY 2016-17 and determination of Tariff for FY 2018-19.

### 2.2. TRUE UP OF FY 2016-17

2.2.1 DGVCL has worked out its actual Aggregate Revenue Requirement (ARR) for FY 2016-17 based on the audited accounts and the principles outlined in the GERC MYT Regulations, 2016 and those adopted by the Hon'ble Commission in its previous Orders.

2.2.2 The actual expenses have been compared against those approved for FY 2016-17 in the Tariff Order dated 31<sup>st</sup> March, 2017. The detailed comparison of various cost components with the values approved by the Hon'ble Commission has been presented in the Chapter on True up of FY 2016-17. A summary of the actual ARR for Truing-up of FY 2016-17 compared with the approved ARR for FY 2016-17 is presented in the table given below:

Table 1 : True Up For FY 2016-17

Rs in Crores				
Sr. No.	Particulars	FY 2016-17 (Approved)	FY 2016-17 (Actual)	Deviation
1	Cost of Power Purchase	10,394.13	10,320.62	73.51
2	Operation & Maintenance Expenses	254.21	465.53	(211.32)
2.1	Employee Cost	284.68	402.38	(117.70)
2.2	Repair & Maintenance	38.62	43.15	(4.53)
2.3	Administration & General Charges	71.66	75.51	(3.85)
2.4	Other Debits	-	2.66	(2.66)
2.5	Extraordinary Items	-	0.31	(0.31)
2.6	DSM Expenses/ Ujala Expenses	-	4.80	(4.80)
2.7	Other Expenses Capitalised	(140.75)	(63.27)	(77.48)
3	Depreciation	256.87	255.78	1.09
4	Interest & Finance Charges	122.39	121.05	1.34
5	Interest on Working Capital	-	-	-
6	Provision for Bad Debts	1.50	0.10	1.40
7	<b>Sub-Total [1 to 6]</b>	<b>11,029.09</b>	<b>11,163.09</b>	<b>(133.99)</b>
8	Return on Equity	111.80	109.62	2.18
9	Provision for Tax / Tax Paid	23.50	29.20	(5.70)
10	<b>Total Expenditure (7 to 9)</b>	<b>11,164.39</b>	<b>11,301.91</b>	<b>(137.52)</b>
11	Less: Non-Tariff Income	178.30	147.13	(31.17)
12	<b>Aggregate Revenue Requirement (10 - 11)</b>	<b>10,986.09</b>	<b>11,154.78</b>	<b>(168.68)</b>

2.2.3 In line with the provisions of the GERC MYT Regulations, 2016 DGVCL has computed the gains and losses on account of controllable and uncontrollable parameters and its proposed sharing mechanism.

2.2.4 The cost components have been segregated into controllable and uncontrollable factors as per the methodology outlined in Regulation 22 of the GERC MYT Regulations, 2016. Summary of the difference allocation to controllable & Uncontrollable factors is outlined as per the table below:

**Table 2 : Summary of Controllable and Uncontrollable Factors for FY 2016-17**

Rs in Crores					
Sr. No.	Particulars	FY 2016-17 (Approved)	FY 2016-17 (Actual)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	Cost of Power Purchase	10,394.13	10,320.62	214.86	(141.36)
2	Operation & Maintenance Expenses	254.21	465.53	(8.37)	(202.95)
2.1	Employee Cost	284.68	402.38	-	(117.70)
2.2	Repair & Maintenance	38.62	43.15	(4.53)	-
2.3	Administration & General Charges	71.66	75.51	(3.85)	-
2.4	Other Debits	-	2.66	-	(2.66)
2.5	Extraordinary Items	-	0.31	-	(0.31)
2.6	DSM Expenses/ Ujala Expenses	-	4.80	-	(4.80)
2.7	Other Expenses Capitalised	(140.75)	(63.27)	-	(77.48)
3	Depreciation	256.87	255.78	-	1.09
4	Interest & Finance Charges	122.39	121.05	-	1.34
5	Interest on Working Capital	-	-	-	-
6	Provision for Bad Debts	1.50	0.10	1.40	-
7	Return on Equity	111.80	109.62	-	2.18
8	Provision for Tax / Tax Paid	23.50	29.20	-	(5.70)
9	ARR (1 to 8)	<b>11,164.39</b>	<b>11,301.91</b>	<b>207.89</b>	<b>(345.40)</b>
10	Non - Tariff Income	178.30	147.13	-	(31.17)
11	Total ARR (9-10)	<b>10,986.09</b>	<b>11,154.78</b>	<b>207.89</b>	<b>(376.57)</b>

2.2.5 As per the mechanism specified in the GERC MYT Regulation 2016, DGVCL proposes to pass on a sum of 1/3rd of total gain/(loss) on account of controllable factors i.e. Rs. 207.89 Crores and total gain/(loss) on account of uncontrollable factor i.e. Rs. (376.57) Crores to the consumers. GUVNL profit of Rs. 130.01 Crores for FY 2016-17 is allocated among four Discoms. DGVCL is allocated GUVNL profit of Rs. 40.02 Crores. Adjusting these and the revenue (Gap) / Surplus for past years to the net Aggregate Revenue Requirement, DGVCL has arrived at the Revised Aggregate Revenue Requirement for FY 2016-17 at Rs. 11,250.77 Crores.

2.2.6 This revised Aggregate Revenue Requirement is compared against the revised income under various heads including Revenue with Existing Tariff of Rs. 10,441.41 Crores, Other Consumer related Income of Rs. 600.15 Crores, Agriculture Subsidies of Rs. 48.11 Crores, summing up to a Total Revenue of Rs. 11,089.67 Crores. Accordingly, total Revenue Gap of DGVCL for FY 2016-17 after treatment of gain/(loss) due to controllable / uncontrollable factors is computed at Rs. 161.10 Crores as shown in the table below:



Table 3 : Revenue Gap for FY 2016-17

Sr. No.	Particulars	Rs in Crores
		FY 2016-17
1	Aggregate Revenue Requirement approved for FY 2016-17	10,986.09
2	Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(376.57)
3	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	69.30
4	Revenue (Gap)/Surplus from True-up of FY 2014-15	(38.72)
5	Recovery of past year True-Up (Gap)/Surplus for FY 2009-10	53.96
6	Recovery of past year True-Up (Gap)/Surplus for FY 2010-11	(12.66)
7	Allocation of GUVNL Profit of FY 2016-17	40.02
8	<b>Revised ARR for FY 2016-17 (1 - 2 - 3 - 4 - 5 - 6 - 7)</b>	<b>11,250.77</b>
9	Revenue from Sale of Power	10,441.41
10	Other Income (Consumer related)	600.15
11	Agriculture Subsidy	48.11
12	<b>Total Revenue including Subsidy (9 + 10 + 11)</b>	<b>11,089.67</b>
13	<b>Revised Gap after treating gains/(losses) due to Controllable/ Uncontrollable factors (8 - 12)</b>	<b>161.10</b>

2.2.7 The Hon'ble Commission is requested to approve above mentioned gap and allow DGVCL to recover this gap in FY 2018-19.

**2.3. REVENUE GAP FOR FY 2018-19 AT EXISTING TARIFF FOR FY 2018-19**

2.3.1. DGVCL submits that the revenue gap/(surplus) for FY 2018-19 is projected based on the provisions of the GERC MYT Regulations, 2016, adjustments due to True-up of FY 2016-17 and the ARR approved by the Hon'ble Commission for FY 2018-19 in its MYT Order issued on 31<sup>st</sup> March 2017. The approved ARR for FY 2018-19 is as follows:

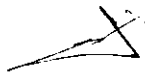
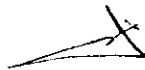


Table 4 : Approved ARR for FY 2018-19

Sr. No.	Particulars	Rs in Crores
		FY 2018-19 (Approved)
1	Cost of Power Purchase	11,744.41
2	Operation & Maintenance Expenses	284.13
2.1	Employee Cost	318.18
2.2	Repair & Maintenance	43.17
2.3	Administration & General Charges	80.09
2.4	Other Debits	-
2.5	Extraordinary Items	-
2.6	Net Prior Period Expenses / (Income)	-
2.7	Other Expenses Capitalised	(157.32)
3	Depreciation	331.89
4	Interest & Finance Charges	139.00
5	Interest on Working Capital	-
6	Provision for Bad Debts	1.50
7	<b>Sub-Total [1 to 6]</b>	<b>12,500.93</b>
8	Return on Equity	145.20
9	Provision for Tax / Tax Paid	23.50
10	<b>Total Expenditure (7 to 9)</b>	<b>12,669.63</b>
11	Less: Non-Tariff Income	178.30
12	<b>Aggregate Revenue Requirement (10 - 11)</b>	<b>12,491.33</b>

- 2.3.2. The approved sales for FY 2018-19 as per the MYT Order issued by the Hon'ble Commission on 31<sup>st</sup> March, 2017 is 18,831 MUs.
- 2.3.3. Based on approved sales & existing retail tariff, revenue from sale of power works out to Rs. 9,228.85 Crore for FY 2018-19.
- 2.3.4. The Revenue from FPPPA charges for FY 2018-19 has been projected considering the base rate of 149 paise per unit as Rs. 2,805.82 Crore.
- 2.3.5. The income under the head "Other Consumer Related Income" and Agriculture subsidy for FY 2018-19 has been considered same as approved by the Hon'ble Commission in MYT Order dated 31st March, 2017.
- 2.3.6. Based on the above projections, the total revenue of the company comprises of revenue from sale of power at existing tariff, FPPPA charges, other consumer related income and Agriculture Subsidy. Total revenue for FY 2018-19 is as shown below:



**Table 5 : Total Revenue at Existing Tariff for FY 2018-19**

Sr. No.	Particulars	FY 2018-19 (Projected)
1	Revenue with Existing Tariff	9,228.85
2	FPPPA Charges @ 149 paisa/kWh	2,805.82
3	Other Income (Consumer related)	367.84
4	Agriculture Subsidy	49.15
5	<b>Total Revenue including subsidy (1 to 4)</b>	<b>12,451.66</b>

2.3.7. The revenue gap of Rs. 161.10 crores after true up exercise of FY 2016-17 is also considered for estimating revenue gap/(surplus) for FY 2018-19.

2.3.8. Based on the above, the estimated revenue gap/ (surplus) for FY 2018-19 at existing tariff is as outlined in the table below:

**Table 6: Estimated Revenue Gap/ (Surplus) for FY 2018-19 at Existing Tariff**

Rs in Crores		
Sr. No.	Particulars	FY 2018-19 (Projected)
1	Aggregate Revenue Requirement	12,491.33
2	Revenue Gap from True up of FY 2016-17	161.10
3	<b>Total Aggregate Revenue Requirement (1 to 2)</b>	<b>12,652.43</b>
4	Revenue with Existing Tariff	9,228.85
5	FPPPA Charges @ 149 paisa/kWh	2,805.82
6	Other Income (Consumer related)	367.84
7	Agriculture Subsidy	49.15
8	<b>Total Revenue including subsidy (4 to 7)</b>	<b>12,451.66</b>
9	<b>Gap / (Surplus) (3 - 8)</b>	<b>200.77</b>

#### 2.4. TARIFF PROPOSAL

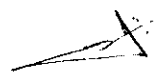
2.4.1. The consolidated revenue gap for all four distribution companies is Rs. 1374 Crores. Out of above gap, Rs. 1195.72 Crores is on account of less receipt of subsidy for the FY 2016-17 which was to be received in advance. However, now State Government has committed to release the outstanding subsidy of Rs. 1195.72 Crores during current financial year through Revised Budget Estimation of current year. Accordingly, the remaining gap of Rs. 178 Crores is proposed to be met through efficiency improvement measures or as deemed appropriate by the Hon'ble Commission.

2.4.2. In view of the above, while the distribution companies have not proposed any increase in tariff rates, certain modifications have been proposed in current tariff structure. The proposed changes are outlined in the subsequent paragraphs.

#### 2.4.3. Proposed changes in the tariff structure:

##### A. Meter rent to be merged with Fixed / Demand Charges:

To address the issue of applicability of multiple taxes such as Electricity Duty and GST on different component of electricity bill like energy charge, fixed charge, meter charge etc., it is proposed to merge meter charges into fixed charge so that only one tax i.e. Electricity Duty is applicable.





**B. Change in condition for opting LTMD by NRGP:**

**Existing Provision**

*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.*

**Proposed Provision**

*This tariff shall also be applicable to consumer **having contracted load of 15 kW and above** covered in category – 'Rate: Non-RGP' so opts to be charged in place of 'Rate: Non-RGP' tariff.*

**C. Change in condition for switch over from Non-RGP to Non-RGP Night:**

**Existing Provision**

**NOTE**

*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.*

**Proposed Provision**

**NOTE**

*7. The option can be exercised to switch over from Non-RGP tariff to Non-RGP Night tariff **or vice versa** twice in a calendar year by giving not less than one month's notice in writing.*

**D. Change in condition for switch over from LTMD tariff to LTMD – Night tariff:**

**Existing Provision**

**NOTE**

*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.*

**Proposed Provision**

**NOTE**

*7. The option can be exercised to switch over from LTMD tariff to LTMD Night tariff **or vice versa** twice in a calendar year by giving not less than one month's notice in writing.*

**E. Change in condition for switch over from HTP-I tariff to HTP-IV tariff:**

**Existing Provision**

**NOTE**

*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.*

**Proposed Provision**

**NOTE**

*7. The option can be exercised to switch over from HTP-I tariff to HTP-IV tariff **or vice versa** twice in a calendar year by giving not less than one month's notice in writing.*



### SECTION 3. TRUE UP FOR FY 2016-17

#### 3.1. PREAMBLE

3.1.1. This section outlines the performance of DGVCL for FY 2016-17. In line with the provisions of the GERC MYT Regulations, 2016, DGVCL hereby submits the True-Up Petition comparing the actual performance of DGVCL during FY 2016-17 with the final ARR for FY 2016-17 as approved by the Hon'ble Commission vide its MYT Order (Case No. 1624 of 2016) which was passed on 31<sup>st</sup> March, 2017.

#### 3.2. PRINCIPLES FOR TRUE-UP FOR FY 2016-17

3.2.1. As per GERC MYT Regulations, 2016, the Hon'ble Commission is required to undertake the True-Up of the licensees for FY 2016-17 based on the comparison of the actual performance of the past year with the approved estimates for such year. Section 21.3 of the GERC MYT Regulations, 2016 is read as below:

*"21.3 The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:*

*(a) a comparison of the audited performance of the Applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check;*

*(b) Review of compliance with directives issued by the Commission from time to time;*

*(c) Other relevant details, if any"*

3.2.2. In line with the provisions of GERC MYT Regulations, 2016, DGVCL has filed this Petition for True-Up for the year FY 2016-17. Information provided in the True-Up for FY 2016-17 is based on audited actual performance and considering principles adopted by the Hon'ble Commission in its previous Orders. The actual performance has been compared with the approved numbers for FY 2016-17 as per the GERC MYT Order dated 31<sup>st</sup> March, 2017.

3.2.3. Further, for the purpose of True-Up, all the expense heads have been categorized into either Controllable or Uncontrollable factors. A head-wise comparison has been made between the values approved by the Hon'ble Commission and the actual values for various expenditures for FY 2016-17.

3.2.4. Accordingly, actual data for revised Aggregate Revenue Requirement, revenue and gap for FY 2016-17 are outlined in the subsequent paragraphs of this chapter.

#### 3.3. CATEGORY WISE SALES

3.3.1. The actual category wise sales for FY 2016-17 were 16,291 MUs as against the approved sales of 16,925 MUs. The table below highlights the comparison of actual category wise sales of DGVCL against that approved by the Hon'ble Commission:

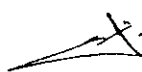


Table 7 : Category-wise Sales

S.No.	Particulars	Sales (MUs)	
		FY 2016-17 (Approved)	FY 2016-17 (Actual)
<b>A</b>	<b>LT Consumers</b>		
1	RGP	2,780	2,649
2	GLP	50	47
3	Non-RGP & LTMD	5,090	4,848
4	Public Water Works	172	183
5	Agriculture - Unmetered	420	418
6	Agriculture - Metered	390	350
7	Street Light	59	60
	<b>LT Total (A)</b>	<b>8,961</b>	<b>8,555</b>
<b>B</b>	<b>HT Consumers</b>		
8	Industrial HT	7,963	7,727
9	Railway Traction	-	9
	<b>HT Total (B)</b>	<b>7,963</b>	<b>7,736</b>
	<b>Grand Total (A + B)</b>	<b>16,925</b>	<b>16,291</b>

### 3.4. DISTRIBUTION LOSSES

3.4.1. In FY 2016-17, the actual distribution losses were 8.02% as against the approved level of 10.00%. The table below highlights the comparison of actual distribution losses of DGVCL against that approved by the Hon'ble Commission:

Table 8 : Distribution Losses

Particulars	FY 2016-17 (Approved)	FY 2016-17 (Actual)
Distribution Loss	10.00%	8.02%

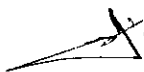
3.4.2. The MYT Regulations categorise the Distribution Losses as a controllable factor and accordingly any gain or loss on account of this would be shared with the consumers as per the provisions of the Regulations.

3.4.3. DGVCL submits that it has achieved a significant reduction in distribution losses during recent years. In FY 2014-15, the losses were at the level of 9.11% which were reduced to 8.02% in FY 2016-17. The Hon'ble Commission had approved the distribution loss levels for DGVCL at 10.00% for FY 2016-17. Since the losses are already at low levels and at this saturated levels, it is also challenging even to maintain the losses at existing levels and therefore the subsequent reductions will be at a slower pace. DGVCL shall still continue its efforts to lower distribution losses further.

3.4.4. Since DGVCL has losses lower than those approved by the Hon'ble Commission, its effect has been discussed in the section relating to power purchase and the gains and losses has been captured there itself.

### 3.5. ENERGY REQUIREMENT AND ENERGY BALANCE

3.5.1. The gross energy requirement of DGVCL is as follows given in the table below:



**Table 9 : Energy Requirement and Energy Balance**

S.No.	Particulars	Unit	FY 2016-17 (Approved)	FY 2016-17 (Actual)
1	Energy Sales	MUs	16,925	16,291
2	Distribution Losses	MUs	1,881	1,421
		%	10.00%	8.02%
3	Energy Requirement	MUs	18,805	17,712
4	Transmission Losses	MUs	753	712
5	Total Energy to be input to Transmission System	MUs	19,558	18,424
6	Pooled Losses in PGCIL System	MUs	205	261
7	Total Energy Requirement	MUs	19,763	18,685

3.5.2. The gross energy requirement for subsequent sale to the consumers in FY 2016-17 is 18,685 MUs as compared to 19,763 MUs as approved by the Hon'ble Commission.

**3.6. POWER PURCHASE COST**

3.6.1. The company has been currently allocated share of generation capacities as per the scheme worked out by GUVNL. In order to minimize power purchase cost, GUVNL adopts the Merit Order Despatch principles for despatching power from the generating stations based on the demand and accordingly power gets allocated to DGVCL.

3.6.2. The actual power purchase from GUVNL is different from allocation because the demand from DGVCL is not constant and it varies from time to time.

3.6.3. The total power purchase cost of DGVCL for FY 2016-17 consists of the basic power purchase cost, transmission charges payable to GETCO and PGCIL, SLDC charges and the Discom's share of GUVNL cost. Based on the same, the comparison of the approved and the actual cost of power purchase are as shown below:

**Table 10 : Net Power Purchase Cost**

Particulars	Rs in Crores	
	FY 2016-17 (Approved)	FY 2016-17 (Actual)
<b>Cost</b>		
From GUVNL		10,282.83
Unscheduled Interchange Power Purchase		
From Wind Farm		15.80
Solar power purchase		2.56
DSM Charge Purchase		46.34
<b>Income</b>		
Sale of Power to GUVNL		-
DSM Charge Revenue		26.91
<b>Net Power Purchase Cost</b>	<b>10,394.13</b>	<b>10,320.62</b>

3.6.4. The variation in the approved and the actual power purchase expenses is on account of various reasons including change in approved cost of power, change in quantum of power purchased allowed.

3.6.5. The quantum of power purchase depends upon the sales during the year as well as losses in the system. The actual distribution losses in DGVCL distribution network have

been lower than the approved level and the sales are also lower than that approved by the Hon'ble Commission and hence, the overall quantum of power purchased was lower than the approved quantum of power required.

- 3.6.6. As per the GERC MYT regulations, the Hon'ble Commission has categorised the variation in the price of fuel and/or price of power purchase according to the FPPA formula approved by the Hon'ble Commission as an uncontrollable factor. Further, the Hon'ble 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 Hon'ble Commission.
- 3.6.7. In addition to the above, there is an incidence of lower power purchase cost on account of the lower sales and lower Distribution Losses as compared to the sales and losses approved by the Hon'ble Commission. These gains has resulted in lower power purchase expenses as the quantum of power required to be purchased to meet the same level of demand would be lower hence resulting in the gains as explained below:

**Table 11 : Gain/ (Loss) on account of Distribution Losses for FY 2016-17**

S.No.	Particulars	Unit	FY 2016-17 (with Approved Distribution Losses)	FY 2016-17 (with Actual Distribution Losses)
1	Energy Sales	MUs	16,291.00	16,291.00
2	Distribution Losses	MUs	1,810.00	1,421.00
		%	10.00%	8.02%
3	Energy Requirement	MUs	18,101.00	17,712.00
4	Saving due to Distribution Losses	MUs		389.00
5	Average Power Purchase Cost	Rs./Unit		5.52
6	Gain/(Loss) due to Dist. Losses	Rs. Crores		214.86

- 3.6.8. As can be seen from the above, the total gain on account of lower distribution losses as compared to approved is Rs. 214.86 Crores. This gain is categorised as on account of controllable factors and the appropriate treatment is given below:

**Table 12 : Gains / (Loss) - Power Purchase Expenses**

Sr. No.	Particulars	FY 2016-17 (Approved)	FY 2016-17 (Actual)	Gain/(Loss) due to Controllable Factor	Rs in Crores
					Gain/(Loss) due to Uncontrollable Factor
1	Total Power Purchase Cost	10,394.13	10,320.62	214.86	(141.36)

- 3.6.9. Thus, as can be seen from the above table, the power purchase gain due to controllable & uncontrollable factors are Rs. 214.86 Crores and Rs. (141.36) Crores respectively which will have to be passed on to the consumers as per the methodology approved by the Hon'ble Commission.

### 3.7. CAPITAL EXPENDITURE

- 3.7.1. Capital expenditure incurred by DGVCL in FY 2016-17 was Rs. 501.90 Crores. The actual capital expenditure by DGVCL during the FY 2016-17 was Rs.219.37 Crores lower than that approved by the Hon'ble Commission. The scheme-wise capital expenditure incurred in FY 2016-17 against approved by the Hon'ble Commission is as shown below:

