

# **GUJARAT ELECTRICITY REGULATORY COMMISSION**



## **Annual Performance Review for FY 2008-09 & Aggregate Revenue Requirement for FY 2009-10**

**For**

**Paschim Gujarat Vij Company Limited**

**Case No. 980/2009**

**14<sup>th</sup> December 2009**

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**GUJARAT ELECTRICITY REGULATORY COMMISSION  
(GERC)**

**AHMEDABAD**

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&  
Aggregate Revenue Requirement for FY 2009-10**

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

1	APR	Annual Performance Review
2	ARR	Aggregate Revenue Requirement
3	CAGR	Compounded Annualized Growth Rate
4	CAPEX	Capital Expenditure
5	CERC	Central Electricity Regulatory Commission
6	Ckt-Km	Circuit Kilometer
7	Control Period	FY 2008-09, FY 2009-10, FY 2010-11
8	DD & DNH	Diu & Daman and Dadara Nagar Haveli
9	DGVCL	Dakshin Gujarat Vij Company Limited
10	FPPPA	Fuel Price and Power Purchase Adjustment
11	FY	Financial Year
12	GEB	Gujarat Electricity Board
13	GERC	Gujarat Electricity Regulatory Commission
14	GETCO	Gujarat Energy Transmission Corporation Limited
15	GoG	Government of Gujarat
16	GSECL	Gujarat State Electricity Corporation Limited
17	GUVNL	Gujarat Urja Vidyut Nigam Limited
18	HT	High Tension
19	HVDC	High Voltage Direct Current
20	IPTC	Independent Power Transmission Company
21	kWh	Kilo Watt Hour
22	MGVCL	Madhya Gujarat Vij Company Limited
23	MU	Million Units
24	MW	Mega Watt
25	MYT	Multi-Year Tariff
26	O&M	Operation & Maintenance
27	PAF	Plant Availability Factor
28	PGVCL	Paschim Gujarat Vij Company Limited
29	PLF	Plant Load Factor
30	R E	Revised Estimates
31	S/S	Sub Station



32	SLDC	State Load Dispatch Centre
33	T&C	GERC (Terms & Conditions of Tariff) Regulation, 2005
34	TPL-A	Torrent Power Limited- Ahmedabad
35	TPL-S	Torrent Power Limited- Surat
36	UGVCL	Uttar Gujarat Vij Company Limited
37	WRPC	Western Region Power Committee
38	YoY	Year on Year





# **BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION AT AHMEDABAD**

Case No. 980 / 2009

**Date of Order 14th December 2009**

## **CORAM**

Dr. P. K. Mishra, Chairman

Shri Pravinbhai Patel, Member

## **ORDER**

### **1. Background and Brief History**

#### **1.1. Background**

The Paschim Gujarat Vij Company Limited (herein after referred to as PGVCL or petitioner) has filed its petition under Section 62 of the Electricity Act, 2003 read with Gujarat Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2005 (hereinafter referred to as 'Terms & Conditions of Tariff') and Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007 (hereinafter referred to as 'MYT Regulations') on 25<sup>th</sup> August 2009 for annual performance review (APR) of FY2008-09 and determination of tariff for FY2009-10 for distribution business, under MYT Control Period FY2008-09 to FY2010-11. Based on preliminary scrutiny and evaluation the Commission admitted the petition of PGVCL on 4<sup>th</sup> September 2009.

#### **1.2. Paschim Gujarat Vij Company Limited (PGVCL)**

The Government of Gujarat (hereinafter referred to as "GoG") notified the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 (herein after referred to as the "Act") in May 2003 for the reorganization of the entire power sector in the State of Gujarat. Pursuant to the above, GoG in their letter vide GO / 19th August



2003 had directed Gujarat Electricity Board (herein after referred to as “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 on September 15th, 2003. PGVCL is one of the distribution companies engaged in distribution of electricity in the west zone of Gujarat.

PGVCL obtained its Certificate of Commencement of Business on the 15th October, 2003. However, the company could not commence its operations during the financial year ended 31st March 2004 and 31st March, 2005. The Company has started commercial function w.e.f. 1st April 2005.

### **1.3. Commission’s order for the first control period**

PGVCL filed its petition under the Multi-Year Tariff framework for the FY 2008-09, FY 2009-10 and FY 2010-11 on 31<sup>st</sup> July 2008 in accordance with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007 notified by Gujarat Electricity Regulatory Commission (GERC). The Gujarat Electricity Regulatory Commission (herein after referred to as the Commission) in exercise of the powers vested in it under Sections 61 and 62 of the Electricity Act 2003 and other provisions enabling it in this behalf and after taking into consideration the submissions made by the petitioner, the objections by various stakeholders, response of the petitioner, issues raised during the public hearing and all other relevant material, issued the Multi-Year Tariff order on 17th January 2009 for the control period comprising FY 2008-09, FY 2009-10 and FY 2010-11

### **1.4. Admission of current petition and public hearing process**

The Commission) undertook a preliminary evaluation and analysis of the petition submitted by the petitioner and admitted the petition for annual performance review (APR) of FY2008-09 and determination of tariff for FY2009-10 for distribution business (Case No 980 of 2009) on 4<sup>th</sup> September 2009.

In accordance with Section 64 of the Electricity Act 2003, the Commission directed PGVCL to publish its application in the abridged form and manner to ensure public participation.



The Public Notice was published in the following newspapers on 11th September 2009 inviting objections / suggestions from its stakeholders on the ARR petition filed by it.

1. Gujarat Samachar (In all editions of the State)
2. Divya Bhaskar (In all editions of the State)
3. Indian Express (In all editions of the State)

The petitioner also placed the public notice and the petition on its website ([www.guvnl.com](http://www.guvnl.com) and [www.pgvcl.com](http://www.pgvcl.com)) for inviting objections and suggestions on its petition.

The interested parties/stakeholders were asked to file their objections and suggestions on the petition on or before 12<sup>th</sup> October 2009. However, the Commission received several representations from stakeholders for extending the time for filing their objections / suggestions. The Commission, noting the fact that the whole process was already delayed because of late filing by the Petitioner, did not extend the date for filing of objections / suggestions. Instead the Commission allowed the stakeholders to record their objections / suggestions in the public hearing process itself.

The Commission received objections/suggestions from 21 respondents on petitions. The Commission thereafter fixed the date of public hearing on 29<sup>th</sup> October 2009 and 30<sup>th</sup> October 2009 and sent communication to the objectors inviting them to take part in the public hearing process for presenting their views on the petition before the Commission. The issues and concerns raised by various stakeholders during the course of the public hearing as well as the written submission have been carefully examined by the Commission.

The details of the organizations and individuals who filed their objections / suggestions on petitions are given in Annexure-1.1. The details of objectors who participated in the public hearing are given in Annexure-1.2.

### **1.5. Approach of this Order**

In this order the Commission has analyzed the petition submitted by the petitioner in regard to the Annual Performance Review (APR) for FY 2008-09 and the



determination of Aggregate Revenue Requirement (ARR) for FY 2009-10. Under the MYT Framework, the Commission has projected the ARR for the petitioner for each year of the control period in the MYT Order issued on 17<sup>th</sup> January, 2009. The Regulations provide for annual performance review based on the actual expenses incurred by the petitioner compared with the trajectories approved under the MYT Order.

At the time of issue of this order, the first year of the Control Period i.e. FY 2008-09 has passed. However, the audited financial statements for the petitioner are not available. The petitioner has submitted provisional financial statements. Considering this the Commission has considered provisional annual performance review for FY 2008-09. Based on the provisional annual performance review the Commission has computed the gains / losses as required under the MYT Regulations. However, the effect of these gains / losses shall be passed on to next year based on its verification from the audited accounts of the petitioner. The Commission therefore directs the petitioner to submit the audited accounts for FY 2008-09 at the earliest.

In regard to the annual tariff determination for FY 2009-10, the Commission has observed that a major portion of the FY 2009-10 has already elapsed. Further, in the absence of audited accounts, the gains / losses computed for FY 2008-09, as a result of annual performance review, are provisional in nature. Therefore, the Commission has only reviewed the submission of the petitioner for FY 2009-10.

#### **1.6. Approach for APR for the FY 2008-09**

Regulation 9.1 of the MYT Regulations provides that where the aggregate revenue requirement of a generating company or a licensee is covered under a multi-year tariff framework, such licensee shall be subject to Annual Performance Review (APR) during the control period. With regard to the scope of the APR, Regulation 9.3 of the MYT Regulations provides that the scope of APR shall include a comparison of the performance of the generating company or the licensee with the approved forecast of aggregate revenue requirement and expected revenue from tariff and charges.

Regulation 9.6 provides that subsequent to APR, the Commission shall attribute and classify any variation in performance on account of either controllable parameters or uncontrollable parameters. Components of controllable factors and uncontrollable factors have accordingly been provided in the MYT Regulations. Subsequent to classification of deviations on account of uncontrollable and controllable parameters,





Regulation 10 provides the mechanism for pass through of gains and losses on account of uncontrollable parameters and Regulation 11 provides the mechanism for sharing of gains and losses on account of controllable parameters.

For the purpose of APR for the FY 2008-09, the Commission has adopted the same approach as per the above mentioned regulation and has undertaken a comparison of the actual performance (based on provisional accounts) with the projections approved in the MYT Order. The Commission has thereafter classified the deviation on account of uncontrollable and controllable factors and has considered the treatment as provided in Regulation 10 and Regulation 11 of the MYT Regulations.

#### **1.7. Approach for ARR for the FY 2009-10**

For FY 2009-10 which is the second control year of the control period, the petitioner has approached the Commission for revision of the Aggregate Revenue Requirement (ARR) and the determination of tariff based on the APR of FY 2008-09 and the revised estimates for the FY 2009-10.

The Commission has observed that a major portion of the FY 2009-10 has elapsed with less than four months left in the year. The Commission has also observed that the time for submission of the petition for FY 2010-11 (which includes performance review of FY 2009-10) is already due. Further, the gains / losses computed for FY 2008-09 based on the APR cannot be passed on to FY 2009-10 since the APR is based on provisional accounts. In regard to FY 2009-10, the Commission is of the opinion that it shall consider the gains / losses at the time of APR based on the audited accounts for the year. The impact of this gap/surplus shall be effected in the order for tariff determination of FY 2010-11.

In this regard the Commission has noted that the stipulated date for submission of petition for determination of tariff for FY 2010-11 was 30th November 2009 and it has already directed the petitioner to submit the petition for FY 2010-11 by 15<sup>th</sup> December, 2009 along with the audited accounts for FY 2008-09.



## **2. Brief Outline of objections raised, response from Petitioner & Commission's Views**

### **2.1. Background**

In response to the public notice inviting objections / suggestions from stakeholders on the petition filed by PGVCL and other licensees for annual performance review (APR) of FY 2008-09 and determination of tariff for FY 2009-10 for distribution business, under MYT Control Period FY2008-09 to FY2010-11, twenty one consumers / consumer organizations have filed their objections / suggestions in writing. In the public hearings held on 29<sup>th</sup> and 30<sup>th</sup> October, 2009 jointly for GETCO, GSECL and the 4 government distribution utilities (DGVCL, MGVCL, PGVCL, UGVCL), a total of sixteen stakeholders have participated. These also included objectors who had not filed any objections. The objections raised before the Commission, petitioner's response for the same and the Commission's view are presented below:

### **2.2. Delay in filing of the petition**

#### **Objections:**

Some stakeholders have raised objections with regard to the delay in filing of the petition. They have further submitted that this delayed submission should not be entertained by the Commission. Further, it has been suggested that the tariff order be extended upto 31<sup>st</sup> March 2011 in order to regularize APR and ARR filings. PGVCL should file its APR petition for 2009-10 before 31<sup>st</sup> March 2010 and applications for APR for FY 2010-11 and ARR for FY 2011-12 before 30<sup>th</sup> November 2010.

#### **PGVLC's response:**

PGVCL submitted that the APR exercise was being undertaken for the first time under the MYT framework and majority staff of the Company was deputed on election duty for a long period during the General Elections. Further, the Petitioner was required to consult the Government of Gujarat (GoG) on matters of subsidy and capital expenditure. GoG's comments were received in August 2009 which therefore resulted in delay in filing. The petitioner also drew reference to clause 85 of the 'Conduct of Business Regulations', 2004 which provides the Commission power to condone delay in filing the petition.

#### **Commission's Analysis:**



The Commission has taken note of the delay in submission of the petition. The Commission is of the view that for future submissions the petitioner should file the petition within the stipulated time frame. In this regard the Commission is of the opinion that for the FY 2010-11, the petitioner should submit its petition within the prescribed time frame as provided under the regulations.

Further, with regard to the delay in submission of the current petition, the Commission is of the view that since prior permission had been obtained for extension of timelines, the petition shall be considered within the applicable regulatory framework.

### **2.3. Revenue gap for FY 2008-09**

#### **Objections:**

Some stakeholders have highlighted the high gap of Rs. 13580 Lakhs shown by PGVCL and asked the Commission to reject the same on grounds of inefficiencies of the petitioner. They have specifically highlighted the reasons of increases in distribution loss and power purchase cost and reduction in sales as the prime reasons for the high revenue gap which ought to be rejected. Further, the stakeholders have stated that no tariff hike should be allowed on account of controllable parameters such as distribution loss.

#### **PGVCL's response:**

PGVCL has replied that it has arrived at the gap for FY 2008-09 considering the revised estimate of expenditure and revenue and controllability / uncontrollability of various parameters. PGVCL has clarified that it has bifurcated the increase in power purchase cost due to controllable and uncontrollable parameters. The impact of distribution loss has been considered as controllable while any other impact is considered uncontrollable.

The petitioner has also explained the merit order dispatch process it follows for sourcing of power from the cheapest sources. The power purchase cost has primarily increased due to increase in fuel costs during FY 2008-09. On the issue of high distribution losses, the petitioner has highlighted the various steps it has taken to reduce the technical and commercial losses. On the issue of lower sales estimation for FY 2008-09, the petitioner has stated that the sales have reduced due to reduction in energy consumption on account of global recession.



Further, it has not asked for a tariff hike for FY 2009-10 considering that it would be able to absorb the gap by improving performance parameters and distribution loss.

**Commission's Analysis:**

The Commission has taken note of the objections and the response of the petitioner.

**2.4. FPPPA mechanism****Clarification required:**

Some stakeholders have asked for clarification whether the impact of T&D loss is included in FPPPA mechanism.

**PGVCL's response:**

PGVCL has stated that while calculating the FPPPA charges, the net energy available for sale is calculated based on approved T&D loss and not on actual T&D loss. Thus the existing FPPPA formula does not take into account the impact on actual power purchase cost paid by PGVCL due to variation in the quantum supplied by various generating stations as against that approved by the Commission. Hence the impact of increase in power purchase cost is not fully recovered under the FPPPA formula.

**Commission's Analysis:**

The Commission has taken note of the submission made by the petitioner.

**2.5. Revenue gap for FY 2009-10****Objections:**

Some stakeholders have highlighted the huge gap of Rs. 38013 Lakhs for FY 2009-10 submitted by the petitioner. They have requested that the petitioner be directed to improve its performance and reduce the expenditure to narrow the gap.

**PGVCL's response:**

PGVCL has stated that the increase in ARR for FY 2009-10 is mainly on account of increase in power purchase cost, employee cost and carry forward of revenue gap of FY 2008-09. All other expense parameters are within the range of approved values. Further, PGVCL has not proposed any tariff increase since it believes it will be able to absorb the gap by improving performance parameters and distribution loss.

**Commission's Analysis:**

The Commission has taken note of the objections submitted by the Stakeholder. The Commission is also of the view that the petitioner should adopt measures to improve its performance.

## **2.6. No proposal for hike in Tariff for FY 2009-10**

### **Objections:**

Some stakeholders have highlighted that in spite of the high gap estimated for FY 2009-10, the petitioner has not asked for a tariff hike.

### **PGVCL's response:**

PGVCL has admitted that there is a revenue gap for FY 2009-10. However, the gap has reduced as compared to what was approved in the MYT order. Moreover, PGVCL is confident that it would be able to absorb the gap by improving performance parameters and distribution functionalities.

### **Commission's Analysis:**

The Commission is of the view that there are various methods for treating the gap of any particular year which may not always result in tariff hike. The Commission also recognizes that the gap of one year could be addressed through efficient operations of subsequent years. In this regard the Commission takes note of the submission of the petitioner.

## **2.7. Increase in O&M expenses and Bad and doubtful debts**

### **Objections:**

Some stakeholders have highlighted the high increase in O&M expenses for FY 2009-10 as against the approved values, especially employee expenses and A&G expenses which have increased by more than 30%. It has been suggested that the manpower ratio should be reduced through measures such as Voluntary Retirement Scheme (VRS). The stakeholders have also suggested that PGVCL should be directed to claim the bad and doubtful debts from defaulters rather than honest consumers.

### **PGVCL's response:**

PGVCL has responded stating that the increase in O&M expenses has been explained in the petition and appropriate treatment is given while calculating the



revenue gap. On the matter of bad and doubtful debts, it is submitted that in any business there are always some dues which are unrecoverable. Certain provision has to be made for writing off of such dues.

**Commission's Analysis:**

The Commission has treated the O&M expenses as controllable (except the Sixth Pay Commission component) and maintained them at the MYT order approved value for FY 2009-10. The Commission is of the view that the petitioner should undertake adequate measures to reduce the O&M expenses since these are controllable in nature.

**2.8. Loading of GUVNL cost****Objections:**

Some stakeholders have argued that the annual expenditure of GUVNL of almost Rs. 500 crores should not be loaded on the ARR of PGVCL. This is because PGVCL is well established now and does not need any support from GUVNL.

**PGVCL's response:**

In response to the above argument, PGVCL has stated that GUVNL is a holding company of its subsidiaries i.e. PGVCL, MGVL, DGVCL and UGVCL. It carries out the activities of power planning, procurement and allocation and also undertakes the function of raising and managing the overall loan portfolio for these companies. The corporate structure model post unbundling of GEB and functional requirement of each company necessitates the presence of a holding company in the overall interest of the power sector in the state as a whole.

**Commission's Analysis:**

The corporate structure of GUVNL and its subsidiary companies has been approved as per the bifurcation / unbundling scheme and notified by the Government of Gujarat. The Commission notes the roles played and activities undertaken by GUVNL in the power sector of Gujarat.

**2.9. Reduction in cross-subsidy****Objections:**

Some stakeholders have highlighted the high amount of cross subsidy given to agricultural consumers in the state which burdens the industrial and commercial consumers. They have petitioned for a reduction in cross subsidy.

**PGVCL's response:**

In response to the above objection, the petitioner has highlighted that certain practical aspects make it difficult to implement the guidelines of National Tariff Policy (NTP) of aligning the tariffs of various consumer categories within a band of +/- 20% of average cost of supply. In order to supply good quality, uninterrupted power to industrial and commercial consumers, the petitioner has to buy costly short-term power. On the other hand, agricultural consumers are supplied cheaper power available during off-peak hours. Thus the existing tariffs broadly reflect the actual cost of supply to these categories. Moreover, the agricultural consumers have to be charged less considering their socio-economic situation.

**Commission's Analysis:**

The Commission has not taken a view on tariffs in this order but it will review the tariffs in the ARR of FY 2010-11.

**2.10. Replacement of old meters****Objections:**

Some stakeholders have expressed concerns with regards to the age of the installed meters. It has been submitted that the petitioner collects unnecessary charges on the pretext of old and burnt/faulty meters. Hence it has been submitted that the petitioner should undertake replacement of the old meters at the earliest.

**PGVCL's response:**

PGVCL has replied that it has submitted the capital expenditure plan to replace old meters to the Commission.

**Commission's Analysis:**

The Commission has taken a serious view of the objections raised by the stakeholders. It directs PGVCL to follow the Electricity Supply Code Regulations, 2005 notified by the Commission while levying and collecting any charge related to meters. Further, the Commission notes the capital expenditure plan to replace old meters submitted by PGVCL. The Commission now issues a directive to PGVCL in this regard:



**Directive:**

PGVCL is directed to submit (in advance) its target, in terms of number of old meters it plans to replace in its petition. Subsequently, it shall also submit the details of actual meters replaced vis-à-vis the target set by it.

**2.11. Distribution loss of JGY feeders****Objections:**

The stakeholders have highlighted the high loss of above 60% in JGY feeders. Considering the significant share of consumption of JGY (around 28% of total sales) it is essential that the petitioner reduces the loss in JGY feeders.

**PGVCL's response:**

PGVCL has replied that in order to reduce losses due to JGY feeders, specific officers have been assigned to high loss feeders for close monitoring. It has stated that the loss has been reduced to 59.7% in FY 2008-09 from 65.84% in FY 2007-08. PGVCL has also highlighted the various activities carried out to reduce the T&D loss including removal of 11 kV crossing and provision of coated conductor in LT line.

**Commission's Analysis:**

The Commission has taken a serious view of the high distribution loss in JGY feeders. The Commission is of the view that reduction in loss stated by the petitioner in FY 2008-09 is not enough and more needs to be done. The Commission now issues a directive to PGVCL in this regard:

**Directive:**

The Commission hereby directs the petitioner to submit a long-term plan along with timelines to reduce distribution loss in JGY feeders.

**2.12. High Charges for Excess demand of CPP consumers****Objections:**



Some stakeholders have raised the objection that the CPP consumers are charged with excess demand charges

**PGVCL's response:**

PGVCL has replied that the demand charges have been levied on CPP consumers to maintain grid discipline. Captive users often draw power in excess of their contracted demand from grid. This results in the petitioner needing to draw power from costly sources or resort to load shedding since the overdrawal by captive consumers is usually large. To avoid this and to maintain the grid discipline, the petitioner has proposed higher charges for excess drawal from CPP consumers.

**Commission's Analysis:**

The Commission has not taken a view on tariffs in this order but it will review the tariffs in the ARR of FY 2010-11.

**2.13. Opposition to change in tariff structure****Objections:**

Some stakeholders have objected to the introduction of new tariff categories such as LFD-II (b), LTP V.

**PGVCL's response:**

PGVCL has replied that it has suggested only minor modifications in current tariff structure. The new categories such as LFD-II (b), LTP – V are for rationalization of consumer category as step towards Demand Side Management (DSM) and to ensure grid discipline.

**Commission's analysis:**

The Commission has not changed the existing tariff structure except a new tariff category Rate LTP-V (for LT Lift Irrigation Schemes Only).

**2.14. Theft of electricity****Objections:**

Some stakeholders have raised the objection that the petitioner is applying Section 126 and 135 of the Electricity Act 2003, related to theft of electricity, only selectively. In most of the instances, cases of theft are settled mutually even when the theft is



proved beyond doubt. Such a practice will impact the financial health of the distribution company negatively.

**PGVCL's response:**

PGVCL has replied that cases of theft and unauthorized use of electricity are dealt with according to provisions under the Electricity Act 2003 and as per the regulations notified by the Commission in this regard.

**Commission's analysis:**

The Commission has noted the submission of PGVCL. The Commission is of the view that the petitioner should undertake measures to contain the incidence of theft of electricity. The Commission further issues the following directive in this regard:

**Directive:**

PGVCL is directed to submit details of number of theft cases/unauthorized use of electricity reported, status of penal action taken in its petition. Further, it shall also submit the total amount recovered from errant consumers.

**2.15. Voltage Regulation and Bifurcation of Feeders**

An objection was raised with respect to length of 11 kv feeders. It was pointed out that length of 11 kv feeders is in some cases as long as 94 kms which leads to high line losses. It was further mentioned that petitioner has made long-term plans to establish new EHV sub-stations and bifurcation of the feeders, but has not been able to achieve its target. It was suggested that the feeders must be bifurcated immediately.

**PGVCL's response:**

PGVCL has replied that during FY 2007-08, twenty five new 66 kv sub-stations and two hundred eight 11kv feeder were commissioned to reduce the feeder length and in FY 2008-09, thirty five 66 kv substations and two hundred thirty 11kv feeder were commissioned. The petitioner is actively implementing its long-term plan.

**Commission's analysis:**

The Commission has noted the submission of PGVCL. The Commission directs the petitioner to accelerate the process of bifurcation of feeders and establishment of EHV sub-stations.



### 3. Annual Performance Review for FY 2008-09

PGVCL, in its Petition for Annual Performance Review for FY 2008-09 and tariff Determination for FY 2009-10 has elaborated on expenditure and revenue for FY 2008-09 based on actual expenditure and revenue for FY 2008-09 as per provisional accounts. The petitioner has provided the comparison of revenue (as per provisional accounts) and expenditure against each head with the revenue and expenditure approved by the Commission along with the reasons for deviations. In this Section, the Commission has analysed the components of actual revenue and expenses for FY 2008-09, and has estimated gains / losses in line with the regulations.

#### 3.1. Sales

PGVCL submitted category-wise sales in the APR petition and stated that the revised estimated sales for FY 2008-09 are approx 537 MUs lower than the sales approved by the Commission. The consumer categories whose consumption has been lower than the approved consumption include Agriculture and Industrial HT & LT. Consumption in other categories has not been much different than that approved by the Commission.

**Table 1 : PGVCL's Category wise Actual Sales**

(MUs)

Sr. No.	Particulars	Sales (MUs)	
		Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
<b>A</b>	<b>LT Consumers</b>		
1	Residential	1999	2032
2	Commercial	728	732
3	Industrial LT	1256	1151
4	Public Water Works	245	269
5	Agriculture	4380	4286
6	Public Lighting	67	65
	<b>LT Total (A)</b>	<b>8675</b>	<b>8534</b>
<b>B</b>	<b>HT Consumers</b>		
7	Industrial HT	4112	3715
8	Railway Traction	0	0



Sr. No.	Particulars	Sales (MUs)	
		Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
9	Supply in Bulk	0	0
	<b>HT Total (B)</b>	<b>4112</b>	<b>3715</b>
	<b>Grand Total (A + B)</b>	<b>12787</b>	<b>12250</b>

The Commission has considered the projected sales for FY 2008-09 for the annual performance review.

### Commission's Analysis

Since sale is an uncontrollable parameter as per the MYT regulation, the sales as per actual are approved by the Commission as shown below:

**Table 2: Sales approved by Commission**

(MUs)

Sr.No.	Consumer categories	Sales		
		Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
<b>A</b>	<b>LT Consumers</b>			
1	Residential	1999	2032	2032
2	Commercial	728	732	732
3	Industrial LT	1256	1151	1151
4	Public Water Works	245	269	269
5	Agriculture	4380	4286	4286
6	Public Lighting	67	65	65
	<b>LT Total (A)</b>	<b>8675</b>	<b>8534</b>	<b>8534</b>
<b>B</b>	<b>HT Consumers</b>			
7	Industrial HT	4112	3715	3715
8	Railway Traction	0	0	0
9	Supply in Bulk	0	0	0



Sr.No.	Consumer categories	Sales		
		Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
	HT Total (B)	4112	3715	3715
	Grand Total (A + B)	12787	12250	12250

### 3.2. Distribution Loss

#### Petitioner's submission

In the APR petition, petitioner has submitted that it has been able to bring down the distribution loss to 32.11% from last year's loss level of 32.80%.

#### Commission's Analysis

The Commission, in its MYT order, had approved a distribution loss of 30% for FY 2008-09 considering the actual loss achieved in FY 2007-08 of 32.8%. Thus, petitioner has not been able to reduce the loss to the level approved by the Commission in its MYT order.

**Table 3 : PGVCL - Distribution Losses approved by Commission**

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for sharing of Gains and Loss
FY 2008-09	30.00%	32.11%	30.00%

At the time of MYT Order, the Commission has approved the distribution loss of 30% for FY 2008-09. Further, since distribution loss is controllable in nature, the MYT approved distribution loss is considered for gains / loss calculation. Further, the gains / loss have been shared between the petitioner and consumers in accordance with Regulation no.10 & 11 of MYT Regulation 2007, as explained later in this Section.



### 3.3. Energy Balance

#### Petitioner's submission

PGVCL has submitted the energy requirement for FY 2008-09 based on actual sales, distribution losses and transmission losses on account of the GETCO and PGCIL transmission systems and accordingly calculated energy requirement.

**Table 4: PGVCL - Energy Requirement estimated by PGVCL**

S.No.	Particulars	Unit	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
1	Energy Sales	MUs	12787	12250
2	Distribution Losses	MUs	5480	5793
		%	30.00%	32.11%
3	<b>Energy Requirement</b>	<b>MUs</b>	<b>18267</b>	<b>18043</b>
4	Transmission Losses	MUs	779	811
		%	4.09%	4.30%
5	<b>Total Energy to be input to Transmission System</b>	<b>MUs</b>	<b>19046</b>	<b>18854</b>
6	Pooled Losses in PGCIL System	MUs	358	375
7	<b>Total Energy Requirement</b>	<b>MUs</b>	<b>19404</b>	<b>19229</b>

#### Commission's Analysis

The Commission has computed the energy requirement for PGVCL for FY 2008-09, by considering the approved transmission losses of GETCO for FY 2008-09, and the pooled loss (Regional Power Loss) as determined by RLDC/WRPC. It must be noted here that for the purpose of energy balance the Commission has considered the actual energy requirement of FY 2008-09 and the impact of increased distribution losses is given by sharing of gains / loss as explained in the previous section of Distribution loss.

**Table 5: Energy Requirement approved by Commission**

Sr.No.	Particulars	Unit	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
1	Energy Sales	MUs	12787	12250	12250



Sr.No.	Particulars	Unit	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
2	Distribution Losses	MUs	5480	5793	5793
		%	30.00%	32.11%	32.11%
3	<b>Energy Requirement</b>	<b>MUs</b>	<b>18267</b>	<b>18043</b>	<b>18043</b>
4	Transmission Losses	MUs	779	811	811
		%	4.09%	4.30%	4.30%
5	<b>Total Energy to be input to Transmission System</b>	<b>MUs</b>	<b>19046</b>	<b>18854</b>	<b>18854</b>
6	Pooled Losses in PGCIL System	MUs	358	375	375
7	<b>Total Energy Requirement</b>	<b>MUs</b>	<b>19404</b>	<b>19229</b>	<b>19229</b>

### 3.4. Power Purchase Cost

#### Petitioner's submission

The total power purchase cost for the PGVCL consists of the basic power purchase cost, transmission charges payable to GETCO & PGCIL and the Discom's share of GUVNL cost & E-Urja charges. The power purchase cost submitted by the petitioner is based on actuals as per the provisional accounts.

**Table 6: Power Purchase Cost FY 2008-09**

(Rs. Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Total Power Purchase Cost	397656	483055

#### Commission's Analysis

The Commission, in its MYT Order dated Jan 17, 2009 (Case No. 948 of 2008) had allowed total power purchase expenses of Rs. 397656 Lakhs for FY 2008-09, including transmission charges payable to PGCIL & GETCO, GUVNL Cost (including E-Urja Cost) as shown in the table below.



**Table 7: Break up of power purchase cost as approved in MYT order***(Rs. Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09
Power Purchase Cost through Merit Order	363250
Transmission Costs to PGCIL & GETCO	31588
GUVNL	1795
E-Urja Cost	1023
<b>Total Power Purchase Cost</b>	<b>397656</b>

The Commission has observed that the petitioner has not submitted any break up of the power purchase cost. Accordingly, the Commission asked the petitioner (vide its query dated November 3, 2009) to submit the actual power purchase cost classified into various sub head as approved in the MYT Order. Consequently, the petitioner has provided the break up of power purchase cost (November 4 2009) as shown below:

**Table 8: Break up of power purchase cost of FY 2008-09 submitted by PGVCL***(Rs. Lakhs)*

Particulars	Power purchase cost as per Provisional Accounts	
	Units (MU)	Cost (Rs. Lakhs)
GSECL	7437	172407
IPP	4204	143398
Central	6983	109039
Others	605	20765
Power Purchase Cost	-	445609
Transmission Cost	-	11921
PGCIL Cost	-	24106
Wheeling Charges	-	111
<b>Total</b>	<b>19229</b>	<b>481747</b>





The Commission verified the break up of cost submitted by the petitioner with the provisional accounts of FY 2008-09 and approved the same for FY 2008-09. For the purpose of APR for FY 2008-09, the Commission has considered the same amount since power purchase cost is an uncontrollable expense.

Further, the Commission has verified GUVNL Costs from the provisional accounts of GUVNL. It is observed by the Commission that GUVNL has generated a net surplus of Rs 501 Lakhs for FY 2008-09. The same has been shared with PGVCL in the ratio of the Units purchased during FY 2008-09 as shown in the table below:

**Table 9: Sharing of GUVNL surplus among Discoms**

GUVNL Cost Allocation	PGVCL	UGVCL	MGVCL	DGVCL	Total
MUs Purchased	19230	13524	6678	10330	49761
% of Allocation	38.64%	27.18%	13.42%	20.76%	100%
GUVNL Surplus Allocated to Discoms (Rs Lakhs)	(194)	(136)	(67)	(104)	(501)

The net power purchase cost approved for FY 2008-09 is shown below:

**Table 10: Approved Power Purchase Cost FY 2008-09**

(Rs. Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Power Purchase Cost through Merit Order	363250	445609	445609
Transmission Costs to PGCIL & GETCO	31588	36138	36138
E-Urja Cost	1023	0	0
GUVNL cost	1795	0	(194)
<b>Total Power Purchase Cost</b>	<b>397656</b>	<b>481747</b>	<b>481553</b>

### 3.5. O&M Expenditure

Operations and Maintenance (O&M) expenditure comprises employee related expenditure, Administrative and General (A&G) expenditure, and Repair and Maintenance (R&M) expenditure. The petitioner's submissions on each of these expenditure heads, and the Commission's view on the same are given below:



**3.5.1. Employee Expenses**

Employee expenses comprise salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.

**Petitioner's submission**

PGVCL has submitted that during FY 2008-09, PGVCL has incurred Rs. 35,919 Lakhs towards employee expenses.

**Table 11: Employee Cost estimated by PGVCL***(Rs. Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Employee Cost excluding treatment of Sixth Pay Commission	22943	24604
60% of component of Sixth Pay Commission for FY 2007-08 approved for payment in 2008-09	4426	4426
Employee Cost on account of provisions for sixth pay commission for FY 2008-09	0	6889
Total Employee Cost Considered	27369	35919

The petitioner has submitted that the employee expenditure being incurred by the company is purely on the basis of the guidelines issued by competent authorities like the state government. Hence, the entire expenditure incurred by the company is a legitimate expenditure and any variation is beyond its control. Further, the 6% hike approved by the Commission in the previous MYT order does not compensate the company on account of increases due to salary related aspects including hikes, DA increase/mergers, etc. The petitioner has further provided Rs 6889 Lakh on account of provision for sixth pay commission for FY 2008-09.

**Commission's Analysis**

Commission in its MYT Order dated Jan 17, 2009 approved Rs. 22943 Lakhs as the employee cost of FY 2008-09 which included a 6% increase over the cost of FY 2007-08 without making provision for payment of arrears of the Sixth Pay Commission.

At the time of MYT order, the Commission has calculated the employee cost as follows: as per annual accounts the employee cost for FY 2007-08 was Rs. 29020



Lakhs which included Rs. 7376 Lakhs towards payment of arrears. Thus, the actual employee cost without the provision for arrears was Rs. 21644 Lakhs. For the estimation of employee cost of FY 2008-09, the Commission assumed that the payment of entire arrears may not materialize during FY 2008-09. Hence it directed to provide 60% of the amount during FY 2008-09 (Rs. 4426 Lakhs) and balance 40% (Rs. 2950 Lakhs) during FY 2009-10. The summary of the employee expenses as approved by the Commission is presented in the table below.

**Table 12: Employee Cost as per Order dated Jan 17, 2009***(Rs Lakhs)*

Financial Year	Approved	Calculations
2008-09	27369	$(21644 \times 1.06 = 22943 + 4426)$
2009-10	27270	$(22943 \times 1.06 + 2950)$
2010-11	25779	$(22943 \times 1.06 \times 1.06)$

The Commission, during verification of the employee expenses from the annual/provisional accounts of FY 2008-09, observed that the total employee expenses as per P&L Account are Rs 36346 Lakhs. Further, capitalization of employee expenses as per schedule 24 (i.e. other expenses capitalized) is Rs 8877 Lakhs. Thus, net actual employee expenses after deducting the employee expenses which are to be capitalized for FY 2008-09, are Rs 27469 Lakhs. The Commission has considered this increase in employee expenses on account of the Sixth Pay Commission as an uncontrollable factor and hence approved the same.

The summary of the employee expenses considered by the Commission for the purpose of APR has been shown in the following Table:

**Table 13: Employee expenses approved by Commission***(Rs. Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Total Employee Cost Considered	27369	35919	27469



The difference between the approved employee expenses and the actual employee expenses allowed for FY 2008-09 due to the impact of Sixth Pay Commission, is considered as uncontrollable and the same has been passed through in accordance with Regulation no.10 & 11 of MYT Regulation 2007, as explained later in this Section.

### 3.5.2. R&M Expenses

Repairs and Maintenance Expenses include expenses towards the day-to-day upkeep of the distribution network of the company and form an integral part of the company's efforts towards reliable and quality power supply as also in the reduction of losses in the system

#### Petitioner's submission

PGVCL has submitted that during FY 2008-09 the actual expenditure incurred has been Rs 7317 Lakh i.e 15.75% less than the amount as approved by the Commission.

#### Commission's Analysis

Commission in its MYT Order dated Jan 17, 2009 pointed out that that the major part of the expenses is R&M of lines, cable Network etc and the balance is on maintenance of plant and machinery etc and it is a probability that the major part of the expenditure might be one time expenditure. Hence, in view of the actual expenditure of Rs. 8192 Lakhs during FY 2007-08, the Commission approved Rs 8684 Lakhs towards the R&M expenditure at 6% annual increase (8192x1.06) during the control period.

The Commission observed that the Petitioner has stated that for FY 2008-09 the actual expenditure has been Rs 7317 i.e 15.75% lower than the approved amount. The Commission further analyzed the provisional accounts and noted that as per the accounts the expenditure incurred towards R & M is Rs 6652 Lakhs only. Commission's analysis of the R & M expenses for FY 2008-09 is given in the table below.

**Table 14: R&M expenses approved by Commission**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY	Revised Estimates	Considered for APR
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	2008-09	submitted by PGVCL for FY 2008-09	
Repair & Maintenance Costs	8684	7317	6652

The Commission has considered the difference between the allowed R&M expenses and approved R&M expenses under the sharing of gains and losses due to controllable factors and has allocated it between the petitioner and consumers in accordance with Regulation no. 10 & 11 of MYT Regulation 2007, as explained later in this Section.

### 3.5.3. Administrative and General (A&G) Expenses

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

#### Petitioner's submission

PGVCL has submitted that during FY 2008-09, PGVCL has incurred Rs.7453 Lakhs towards A&G expense.

#### Commission's Analysis

The Commission in its MYT Order dated Jan 17, 2009 approved Rs 5829 Lakhs considering 6% increase over the actual A&G expenses of Rs 5499 Lakh for FY 2007-08. Commission during verification of the A&G expenses from the provisional accounts of FY 2008-09 observed that the total A&G expenses as per P&L Account is Rs 6866 Lakhs. The Petitioner has not provided any specific reason which led to this increase in A&G expense. Further, capitalization of A&G expenses as per schedule 24 (i.e. Other expenses capitalized) is Rs 2219 Lakhs. Thus, net actual A&G expenses after deducting the capitalized expenses for FY 2008-09 are Rs 4647 Lakhs.

Commission also observed that there has been a steep increase in expenditure towards conveyance which roughly constitutes one third of the total A&G expenses. The conveyance expenses in FY 2008-09 have increased by approx. 29 %. The Commission do not envisage any justification for such an increase.



**Table 15: Conveyance expense in FY 2007-08 and FY 2008-09***(Rs. Lakhs)*

Particulars	FY 2007-08	FY 2008-09	% Increase
Conveyance expenses	2082	2682	29%

Commission's analysis of the A & G expenses is given below:

**Table 16: A&G expenses approved by Commission***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Administration & General Charges	5829	7453	4647

The Commission has considered the difference between the allowed A&G expenses and approved A&G expenses under the sharing of gains and losses due to controllable factors and has allocated it between the petitioner and consumers in accordance with Regulation no. 10 & 11 of MYT Regulation 2007, as explained later in this Section.

### Summing up

The Commission has considered following O & M expenses for the APR.

**Table 17: Approved O& M Expenses by Commission***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Employee Expenses	27369	35919	27469
Repair & Maintenance Costs	8684	7317	6652



Administration & General Charges	5829	7453	4647
Total O&M Expenses	41882	50689	38768

### 3.6. Capital Expenditure and Capitalization

#### Petitioner's submission

The petitioner has submitted that it has incurred total capital expenditure of Rs. 54,308 Lakhs during FY 2008-09 as against the capital expenditure of Rs. 80,532 Lakhs approved by the Commission. Scheme-wise capital expenditure incurred against that approved by the Commission is as shown below:

**Table 18: Capital Expenditure as submitted by PGVCL**

(Rs Lakhs)

Sr. No.	Schemes	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
<b>A</b>	<b>Distribution Schemes</b>		
	Normal Development Scheme	9000	15621
	System Improvement Scheme	6500	6951
	Electrification of hutments	909	289
	kutir jyoti scheme	0	13
	Scheme for meters	4000	4392
	Others Harijan Basti		3
	<b>Total</b>	<b>20409</b>	<b>27268</b>
<b>B</b>	<b>Rural Electrification Schemes</b>		
	TASP (Wells and Petapara)		14
	Special Component plan	864	19
	Others Petapara		0
	RE Normal		0
	RE wells (DPB, Meter, Adivashi area, OA & SPA etc.		17749
	Dark Zone		0
	BADP	160	0
	<b>Total</b>	<b>1024</b>	<b>17782</b>
<b>C</b>	<b>Others</b>		
	Energy Efficient Pump	1800	0
	Energy Conservation	10	0



Sr. No.	Schemes	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
	Independent certification agency	3	0
	<b>Total</b>	<b>1813</b>	<b>0</b>
<b>D</b>	<b>Non Plan Schemes</b>		
	RE Non Plan (Tatkal)		3236
	APDRP		286
	Primary School Electrification		0
	RGGVY	1500	25
	DRUM		0
	<b>Total</b>	<b>1500</b>	<b>3548</b>
<b>E</b>	<b>Other New Schemes</b>		
	Civil Works	1500	118
	Automatic PF control panels	1000	0
	Ring Main Unit	100	0
	Aerial Bunch Conductors	700	0
	HVDS in selected sub-division	2000	0
	Hand Held Instruments / Automatic meter reading	200	2012
	GIS in cities	700	0
	JGY Load Shedding Transformers	200	758
	Fault Passage Indicator	70	0
	Other Schemes (General Schemes)		324
	Earthquake Rehabilitation		92
	Coastal area scheme		2405
	Replacement of Assets		2
	<b>Total</b>	<b>6470</b>	<b>5711</b>
<b>F</b>	<b>Golden Goal Scheme</b>		
	<b>Pending Agriculture Connections</b>	<b>49316</b>	
<b>G</b>	<b>Capital Expenditure Total</b>	<b>80532</b>	<b>54308</b>

### Commission's Analysis

The Commission observed that as against total capital expenditure of Rs.80532 Lakh approved in the MYT Order dated Jan 17, 2009, actual capital expenditure during FY 2008-09 amounted to Rs. 54308 Lakh only





The Commission observes that against the approved capital expenditure of Rs 9000 Lakhs under Normal Development Scheme, the actual capital expenditure is Rs 15621 Lakhs. Further, the petitioner has incurred a capital expenditure of Rs 17749 Lakhs under Rural Electrification Scheme in RE Wells (DPB, Meter, Adivashi area, OA & SPA etc.) which was not approved in the previous Order. Further, the Petitioner has not incurred any capital expenditure under Golden Goal Scheme for Pending Agriculture Connections.

Further, the Commission has analyzed the capital expenditure from the provisional accounts submitted by the Petitioner and noted that the amount capitalized is Rs. 49999 Lakhs. Accordingly, the Commission has considered the capitalisation of Rs. 49999 Lakhs for FY 2008-09 for the purpose of APR and relevant gain / loss sharing. Further, debt equity ratio considered (87% debt; 13% equity) for funding the Capital expenditure is as proposed by the petitioner.

**Table 19: Capitalization approved by Commission for FY 2008-09**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
<b>Capital Expenditure</b>	<b>80532</b>	<b>54308</b>	<b>-</b>
<b>Capitalization</b>			<b>49999</b>
Less : Consumer Contribution	16613	11931	11931
Grants	8223	4822	4822
<b>Balance CAPEX</b>	<b>55696</b>	<b>37555</b>	<b>33245</b>
Debt	38987	32555	28819
Equity	16709	5000	4426

### 3.7. Depreciation

#### Petitioner's submission

The petitioner has submitted that the Opening Gross Block of Fixed Assets for FY 2008-09 has been revised from Rs. 327,880 Lakhs to Rs. 326,456 Lakhs. This is because the petitioner has achieved lesser capitalisation of assets in FY 2007-08 as against that approved by the Commission, resulting in the lower opening balance of the Gross Fixed Assets in FY 2008-09.



PGVCL has calculated depreciation based on the average rate of depreciation by applying rates specified by CERC (3.64%). Further, in FY 2008-09, addition to the fixed assets as per provisional accounts is less than the addition approved by the Commission, therefore the amount of depreciation for FY 2008-09 is less than approved by the Commission.

### Commission's Analysis

During verification of depreciation with the provisional accounts of FY 2008-09, Commission observed that the depreciation claimed by the petitioner and actual depreciation as per the provisional accounts do not tally. Petitioner clarified that depreciation for the regulatory purpose has been calculated taking into consideration the opening balance of assets in the beginning of the year and the provisional capitalisation whereas depreciation in the books of account has been calculated as per the rates prescribed under the Companies Act.

The Commission has considered the depreciation for FY 2008-09 as prescribed under the Terms and Condition of Tariff as shown below in table;

**Table 20: Depreciation Approved by Commission for FY 2008-09**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Gross Block in Beginning of the year	327880	326456	326456
Additions during the Year (Net)	80532	44712	49999
<b>Depreciation for the Year</b>	<b>13391</b>	<b>12697</b>	<b>12793</b>
<b>Average Rate of Depreciation</b>	<b>3.64%</b>	<b>3.64%</b>	<b>3.64%</b>

### 3.8. Interest Expenses

#### Petitioner's submission

The total capital expenditure during FY 2008-09 submitted by PGVCL amounts to Rs 54308 Lakhs. The same is funded by way of contributions from consumers (Rs 11931 Lakhs), grant from Government (Rs 4822 Lakhs), equity capital component at 13% (Rs 5000 Lakh) and debt component at 87% (Rs 32555 Lakhs) as shown in the table below:



**Table 21: Funding of Capital Expenditure as submitted by Petitioner***(Rs Lakhs)*

Sr. No.	Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
1	Capital Expenditure	<b>80532</b>	<b>54308</b>
2	Less : Consumer Contribution	16613	11931
3	Grants	8223	4822
4	Balance CAPEX	<b>55696</b>	<b>37555</b>
5	Debt	38987	32555
6	Equity	16709	5000

The petitioner has submitted that for estimation of Interest on Loans in FY 2008-09, it has considered closing balance of loans as in the audited Balance Sheet of FY 2007-08 as the basis. The opening loan for FY 2008-09 amounts to Rs. 125,695 Lakhs as against Rs. 128,238 Lakhs approved by the Commission, thus there is a variation of approx. Rs. 2,543 Lakhs. The difference is due to lower capital expenditure as mentioned in the paragraph above. The repayment has been considered based on the actual repayments done during the year.

The petitioner has submitted that it has taken the Interest on Security Deposit and Guarantee Charges based on the provisional accounts. The petitioner has submitted that it has been allocated (as a part of sector restructuring) some loans which have been guaranteed by Govt. of Gujarat and where guarantee charges are required to be paid.

The total Interest & Financial charges for FY 2008-09 computed by PGVCL against approved by the Commission is as shown below:

**Table 22: Interest and Finance Charges as submitted by PGVCL for FY 2008-09***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Opening Loans	128238	125695



Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Loan Additions during the Year	32247	36350
Repayment during the Year	12824	40530
Closing Loans	147661	121515
Average Loans	137950	123605
Interest on Loan	13795	12394
Interest in Security Deposit	1299	3314
Guarantee Charges	299	228
Total Interest & Financial Charges	<b>15393</b>	<b>15936</b>

The petitioner has submitted that the Interest amount of Rs 12394 Lakhs includes Interest on working capital which is approx. Rs 4992 Lakhs which needs to be deducted from the same to avoid the double counting. Accordingly the interest and finance charges being claimed by the petitioner for FY 2008-09 is Rs. 10,944 Lakhs.

### Commission's Analysis

The Commission during verification of the Interest expenses from the provisional accounts of FY 2008-09 observed that the total Interest expenses as per P&L Account is Rs 14496 Lakhs. Capitalization of Interest expenses as per schedule 24 (i.e. Other expenses capitalized) is Rs 1020 Lakhs and Interest on working capital (cash credit) for FY 2008-09 is Rs 5552 Lakhs. Since the Commission has separately approved Interest on working capital, the same has been reduced from the interest cost as per the provisional accounts.

Since interest on loan capital will have to be provided corresponding to the assets put to use (capitalised) and not on the capital expenditure (Regulation No. 66), interest on capital expenditure will have to be treated as interest during construction (IDC) and the same should be capitalized in accordance with regulation of GERC Terms and Conditions of Tariff for the purpose of allowable capital cost of the project scheme; whereas, the interest expenditure towards such capitalized schemes after the date of capitalization will have to be treated as interest expenditure chargeable to revenue account. Accordingly, the Commission has revised the loan to be considered for the purpose of calculating Interest and Finance Charges.

**Table 23 : Loans considered for Interest and Finance Charges**

(Rs Lakhs)



Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Opening Loans	128238	125695	125695
Loan Additions during the Year	32247	36350	28819
Repayment during the Year	12824	40530	40530
Closing Loans	147661	121515	113984
<b>Average Loans</b>	<b>137950</b>	<b>123605</b>	<b>119840</b>

In order to calculate the Interest and Finance Charges the Commission has recomputed the net interest expenses after deducting Interest on Working Capital, Interest capitalized during FY 2008-09 and Guarantee Charges (which is considered separately) as shown below :

**Table 24: Interest and Finance Charges for FY 2008-09**

(Rs Lakhs)

Particulars	FY 2008-09
Interest as per Provisional Accounts	14496
<b>Less:</b>	
Guarantee Charges (considered separately)	636
Interest in Security Deposit	3409
Actual Interest on Working Capital	5552
Interest Capitalized	1020
<b>Net Interest on Loans</b>	<b>3879</b>

Total Interest and Finance Charges after considering net Interest on loan, Interest on Security Deposit and Guarantee Charges is shown below:

**Table 25: Interest and Finance Charges for FY 2008-09**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Opening Loans	128238	125695	125695
Loan Additions during the Year	32247	36350	28819
Repayment during the Year	12824	40530	40530
Closing Loans	147661	121515	113984
<b>Average Loans</b>	<b>137950</b>	<b>123605</b>	<b>119840</b>



Interest on Loan	13795	12394	3879
Interest in Security Deposit	1299	3314	3409
Guarantee Charges	299	228	636
<b>Total Interest &amp; Financial Charges</b>	<b>15393</b>	<b>15936</b>	<b>7924</b>

### 3.9. Interest on Working Capital

#### Petitioner's submission

The Petitioner has submitted interest on working capital for FY 2008-09 as Rs. 5538 Lakhs based on norms specified in GERC Terms and Conditions of Tariff Regulations. However, instead of considering revenues equivalent to two months, only one month's revenue has been considered for estimating the total working capital during the financial year. Interest on working capital is computed at 10.25% as approved by the Commission.

**Table 26: Interest on Working Capital estimated by PGVCL for FY 2008-09**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Interest on Working Capital	4715	5538

#### Commission's Analysis

During analysis of the calculation of Interest on Working Capital it was observed that the petitioner has made an error in calculating the Interest. Instead of taking 1/12th of the revenue, it has taken 1/12th of Aggregate Revenue Requirement. The Commission while calculating the interest on working capital has corrected this error and has accepted one month's revenue as proposed by the petitioner.

**Table 27: Interest on Working Capital for FY 2008-09**

(Rs Lakhs)



Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
O & M expenses	3490	4224	3231
Maintenance Spares	2590	2891	2891
Receivables	39920	46911	40295
<b>Total Working Capital</b>	<b>46000</b>	<b>54026</b>	<b>46417</b>
Rate of Interest on Working Capital	10.25%	10.25%	10.25%
<b>Interest on Working Capital</b>	<b>4715</b>	<b>5538</b>	<b>4758</b>

### 3.10. Other Expenses

In addition to the above mentioned expenses, petitioner has included certain other expenses for the purpose of approval in the petition which are shown in the table below.

**Table 28 : Other Expenses estimated by as PGVCL**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Other Debits	324	0
Extraordinary Items	0	1
Provision for Bad Debts	886	970
Net Prior Period Expenses / (Income)	0	26
Other Expenses Capitalized	(4502)	(10059)
Total Other Costs	(3292)	(9063)

#### a. Other Debits:

Other Debits comprise write offs for Small Capital Items (less than Rs 5000), energy conservation and R&D expenses, waiver of DPC charges due to settlements in Lok Adalat & Gov't Bodies etc., deferred revenue expenses written off etc.

### Commission's Analysis



For FY 2008-09 as per the provisional accounts, there has been no expenditure on account of other debits; the Commission has considered Other Debits as nil.

**b. Extraordinary Items:****Petitioner's submission**

Generally this includes expenses incurred due to Flood Fire, Cyclone, earth quake and other natural calamities.

**Commission's Analysis of Extraordinary Items**

For FY 2008-09 no amount for extraordinary items was approved by the Commission. However, being an uncontrollable item the Commission has considered extraordinary items for FY 2008-09 as Rs 1 Lakh.

**c. Provision for Bad Debts****Petitioner's submission**

For FY 2008-09, PGVCL has provided for writing off of Rs 970 Lakhs towards bad debts. Since revenue for FY 2008-09 is Rs 484832 Lakh and corresponding bad debts calculated at 0.20% of revenue comes to Rs 970 Lakhs, PGVCL has revised the provision to Rs 970 Lakhs.

**Commission's Analysis**

The Commission in its MYT Order approved Rs 880 Lakhs for FY 2008-09 as provision for bad debts calculated at 0.20% of the estimated revenue of FY 2008-09. The Commission during verification of provision with provisional accounts of FY 2008-09 observed that the provision of bad debts as per P&L Account is Rs 848 Lakhs. Hence the Commission has considered Rs 848 as provision towards bad debts for FY 2008-09.

**d. Net prior Period Expenses****Petitioner's Submission**

These expenses are pertaining to earlier accounting years, which are paid during the year but no provision has been made in earlier years.

**Commission's Analysis**



For FY 2008-09 no amount for Net prior period expenses was estimated by the petitioner in the MYT hence the Commission has considered prior period expenses for FY 2008-09 as nil.

#### **e. Other Expenses Capitalized**

##### **Petitioner's Submission**

Generally, Employee Cost and Administration & General Expenses are incurred at corporate office and other field offices and the same are proportionately apportioned to Capital work in progress at pre determined rates. Since such portion of common expenses are booked and included in their respective revenue expense heads, the same are reduced under head "Other expenses capitalized" due to their capitalization in Capital WIP in the books.

##### **Commission's Analysis**

As covered in the sections above for FY 2008-09 all the expenses which are capitalized have been deducted from respective expenses and hence other expenses capitalized are not considered here to avoid duplication.

##### **Summing up**

The total other cost for FY 2008-09 considered for APR is shown in the table below:

**Table 29: Other Cost for FY 2008-09**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Other Debits	324	-	-
Extraordinary Items	-	1	1
Provision for Bad Debts	886	970	848
Net Prior Period Expenses / (Income)	-	26	-
Other Expenses Capitalized	(4502)	(10059)	-
<b>Total Other Costs</b>	<b>(3292)</b>	<b>(9063)</b>	<b>849</b>

### **3.11. Return on Equity**

##### **Petitioner's submission**

PGVCL has submitted that it has computed the Return on Equity considering a rate of return at 14% based upon the opening balance of equity and additions during the year. The return on equity for FY 2008-09 as computed by PGVCL is shown below:



Table 30 : ROE estimated by PGVCL

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Return on Equity	15383	14279

**Commission's Analysis**

The Commission has observed that against the approved RoE by the Commission, the petitioner has claimed RoE of Rs 14279 Lakhs.

While Petitioner has calculated ROE on the capital expenditure incurred, the Commission has considered expenditure capitalized for the purpose of calculation of RoE.

On the funding of capital expenditure, the Commission has considered funding from the consumer contributions and grants as per the petitioner's submission. Balance capital expenditure is assumed to be funded in the ratio as proposed by petitioner (87%:13%).

The Commission's analysis of the RoE is as given below:

Table 31: Capitalization considered during FY 2008-09

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
<b>Capital Expenditure</b>	<b>80532</b>	<b>54308</b>	
<b>Capitalization</b>	-	-	<b>49999</b>
Less : Consumer Contribution	16613	11931	11931
Grants	8223	4822	4822
<b>Balance CAPEX</b>	<b>55696</b>	<b>37555</b>	<b>33245</b>
Debt	38987	32555	28819
Equity	16709	5000	4426

Table 32: ROE provisionally approved by Commission for FY 2008-09

(Rs Lakhs)



Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Opening Equity Capital	101522	99495	99495
Equity Additions during the Year	16709	5000	4426
Closing Equity	118231	104495	103922
Average Equity	109877	101995	101708
Rate of Return on the Equity	14.00%	14.00%	14.00%
<b>Return on Equity</b>	<b>15383</b>	<b>14279</b>	<b>14239</b>

### 3.12. Taxes

#### Petitioner's submission

The tax claimed by petitioner in FY 2008-09 based on the provisional Annual Accounts is Rs. 104 Lakhs against the amount of Rs.137 Lakhs approved by the Commission.

**Table 33: Tax estimated by PGVCL**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Provision for Tax / Tax Paid	137	104

#### Commission's Analysis

Since taxes are pass through once actually paid, the Commission has asked the petitioner to submit tax *challans* for the verification of the actual tax paid by the petitioner in FY 2008-09. The same were submitted by the petitioner. Based on the income tax *challans* submitted to GERC the actual tax paid by the petitioner for FY 2008-09 is Rs 57.16 Lakhs (Rs 56.01 Lakh for Income tax and Rs 1.15 Lakh for wealth tax). Based on the actual tax paid the Commission has approved Rs 57.16 Lakhs for FY 2008-09.



Table 34: Tax considered by Commission for FY 2008-09

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Provision for Tax / Tax Paid	137	104	57

**3.13. Non-Tariff Income****Petitioner's submission**

The non-tariff income comprises of interest on loans and advances to employees / contractors, income from investments with banks, delayed payment surcharges from consumers etc. For FY 2008-09 the projected the non-tariff income submitted by PGVCL is Rs 5317 Lakhs.

Table 35: Non-Tariff Income estimated by PGVCL

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Non-Tariff Income	6223	5317

**Commission's Analysis**

The Commission in its Order dated Jan 17, 2009 approved Rs 6223 Lakh as non-tariff income considering the actual of FY 2007-08 as base and applying 6% annual increase.

During verification of non-tariff income from the provisional accounts of FY 2008-09, the Commission observed that the non-tariff income as per P&L Account is Rs 5744 Lakhs. In view of this, the Commission has considered for APR, non-tariff income for FY 2008-09 at Rs 5744 Lakhs as shown in the Table:

Table 36: Non-Tariff Income considered by Commission for FY 2008-09

(Rs Lakhs)



Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Non-Tariff Income	6223	5317	5744

### 3.14. Aggregate Revenue Requirement for FY 2008-09

The table below summarizes Aggregate Revenue Requirement for FY 2008-09 for PGVCL in comparison with values considered for APR by the Commission.

**Table 37 : ARR for FY 2008-09**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Cost of Power Purchase	397656	483055	481553
Operation & Maintenance Expenses	41882	50689	38768
Employee Cost	27369	35919	27469
Repair & Maintenance	8684	7317	6652
Administration & General Charges	5829	7453	4647
Depreciation	13391	12697	12793
Interest & Finance Charges	15393	10944	7924
Interest on Working Capital	4715	5538	4758
Other Debits	324	0	0
Extraordinary Items	0	1	1
Provision for Bad Debts	886	970	848
Net Prior Period Expenses / (Income)	0	26	0
Other Expenses Capitalized	(4502)	(10059)	0
<b>Sub-Total</b>	<b>469745</b>	<b>553860</b>	<b>546645</b>



Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Return on Equity	15383	14279	14239
Provision for Tax / Tax Paid	137	104	57
<b>Total Expenditure</b>	<b>485265</b>	<b>568244</b>	<b>560941</b>
Less: Non-Tariff Income	6223	5317	5744
<b>Aggregate Revenue Requirement</b>	<b>479042</b>	<b>562926</b>	<b>555197</b>

### 3.15. Sharing of Gains & Losses

The Commission has categorized the various heads of expenditure as controllable and uncontrollable and computed the gains and losses for the controllable expenditure. The same has been shared with the consumers in accordance with the GERC MYT Regulations. The relevant provisions under the GERC MYT Tariff Regulations stipulating sharing of gains/losses due to controllable factors are reproduced below:

*“9.6.2 Some illustrative variations or expected variations in the performance of the applicant which may be attributed by the Commission to controllable factors include, but are not limited to, the following:*

*(a) Variations in capital expenditure on account of time and/ or cost overruns / efficiencies in the implementation of a capital expenditure project not attributable to an approved change in scope of such project, change in statutory levies or force majeure events;*

*(b) Variations in technical and commercial losses, including bad debts;*

*(c) Variations in the number or mix of consumers or quantities of electricity supplied to consumers as specified in the first and second proviso to clause (b) of Regulation 9.6.1;*



*(d) Variations in working capital requirements;*

*(e) Variation in expenses like: (i) Operation & Maintenance expenses, (ii) Employee Cost, (iii) Admn. & General expenses, (iv) Interest & Finance Charges, (v) Return on Equity, Depreciation, (vi) Non-tariff income; However, expenses at (i), (ii) & (iii) are relatable to relevant Inflation Indices and/or any pay revision agreement in the economy and expenses like (iv) & (v) are relatable to applicable interest rates;*

*(f) Failure to meet the standards specified in the Standards of Performance Regulations, except where exempted in accordance with those Regulations;*

*(g) Variations in labour productivity;*

*(h) Variations in any variable other than those stipulated by the Commission under Regulation 9.6 above.*

.....

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

*(a) 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 9.7;*

*(b) One-third of the amount of such gain shall be retained in a special reserve by the Generating Company or Licensee for the purpose of absorbing the impact of any future losses on account of controllable factors under clause (b) of Regulation 11.2; and*

*(c) The balance amount of gain may be utilized at the discretion of the Generating Company or Licensee.*

*11.2 The approved aggregate loss to the Generating Company or 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 9.7; and*



(b) The balance amount of loss shall be absorbed by the Generating Company or Licensee."

The treatment (controllable or uncontrollable) proposed by PGVCL for variation in various heads of expenditure is given in the Table below:

Sr. No.	Particular	Category	Remarks
1.	Capital Expenditure	Controllable	<b>Uncontrollable</b> to extent of delay in funding.
2.	Operations and Maintenance Expenses	Controllable	<b>Uncontrollable</b> to an extent of employee cost which is payable as per the government notifications and is beyond control of the licensee, increase in dearness allowance and increments, force majeure, increase in R&M due to emergency repairs on account of aging of equipments and inflationary impact on the overall cost.
3.	Depreciation	Uncontrollable	It is charged on the basis of CERC rates as per GERC Regulations. Further, it is charged on the assets created and takes care of the repayment obligations of the company. Hence, the depreciation due to the company based on the accounting standards or regulatory norms should be completely allowable and any variation should be treated as uncontrollable
4.	Interest on Loan & Finance Charges	Controllable	<b>Uncontrollable</b> to the extent variation in the applicable interest rates.
5.	Interest on Working Capital	Uncontrollable	It is computed on a normative basis and is dependent on other components. It is also uncontrollable to the extent of





Sr. No.	Particular	Category	Remarks
			changes in the applicable interest rates.
6.	Return on Equity	Controllable	As per GERC Regulations.
7.	Non-Tariff Income	Controllable	As per GERC Regulations.

However, the Commission has considered the various expenses for computing the sharing of gains/losses in accordance with the GERC MTY Regulations, as elaborated below:

### Approach of Sharing of Gains and Losses

In order to calculate gains and losses the actual numbers as per provisional accounts (forth column) are compared from the numbers approved in MYT Order (second column). The deviation is further classified into Controllable and Uncontrollable factors based on the nature of the item.

**Table 38: Provisional Sharing of Gains and Losses for FY 2008-09**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Considered for APR	Considered for gains and losses	Deviation	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Power Purchase Cost (Note 1)	397656	481553	481553	(83897)	(14225)	(69673)
O&M	41882	38768	38768	3114	3214	(100)
Employee Cost	27369	27469	27469	(100)	0	(100)
R&M Expenses	8684	6652	6652	2032	2032	0
A&G Expenses	5829	4647	4647	1182	1182	0
Depreciation	13391	12793	12793	598	0	598
Interest and Finance Charges	15393	7924	7924	7469	0	7469
Int. on Working Capital (Note 2)	4715	4758	5552	(794)	(794)	0
Other Debits	324	0	0	324	324	0
Extraordinary Items (Note 3)	0	1	1	(1)	0	(1)



Particulars	Approved as per MYT order for FY 2008-09	Considered for APR	Considered for gains and losses	Deviation	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Provision for Bad Debts	886	848	848	38	38	
Net Prior Period Expenses	0	0	1255	(1255)	(1255)	
Return on Equity	15383	14239	14239	1144	0	1144
Provision for Tax / Tax Paid	137	57	57	80	0	80
Other Expenses Capitalized	(4502)	0	0	(4502)	0	(4502)
<b>ARR</b>	<b>485265</b>	<b>560941</b>	<b>562991</b>	<b>(77683)</b>	<b>(12698)</b>	<b>(64985)</b>
Non - Tariff Income	6223	5744	5744	479	0	479
<b>Total ARR</b>	<b>479042</b>	<b>555197</b>	<b>557247</b>	<b>(78162)</b>	<b>(12698)</b>	<b>(65464)</b>

**Note 1: Sharing of gains / losses on Distribution Losses**

PGVCL's actual distribution loss for FY 2008-09 is 32.11% as against the approved loss level of 30%. Gain/(Loss) on account of distribution loss for FY 2008-09 as shown in table below:

**Table 39: Provisional Gains and Losses for Distribution Losses***(Rs Lakhs)*

S.No	Particulars	Unit	FY 2008-09 (With approved Distribution Losses)	FY 2008-09 (With actual Distribution Losses)
1	Energy Sales	MUs	12250	12250
2	Distribution Losses	MUs	5,250	5793
		%	30.00%	32.11%
3	Energy Requirement	MUs	17500	18043
4	Transmission Losses	MUs	786	811
		%	4.30%	4.30%
5	Total Energy to be input to Transmission System	MUs	18286	18854
6	Pooled Losses in PGCIL System	MUs	375	375
7	<b>Total Energy Requirement</b>	<b>MUs</b>	<b>18661</b>	<b>19229</b>



8	Saving / (Excess Purchase) due to Distribution Losses	MUs		(568)
9	Average Power Purchase Cost	Rs./Unit		2.50
10	<b>Gain/(Loss) on account of Distribution loss</b>	<b>Rs. Lacs</b>		<b>(14225)</b>

**Note 2: Sharing of gains / losses on Interest on Working Capital**

The actual interest on working capital incurred by the Petitioner during FY 2008-09 as verified from Provisional Accounts is Rs 5552 Lakhs and normative interest on working capital works out to Rs. 4758 Lakhs. The difference is shared as a controllable loss..

**Table 40: Provisional Gains and Losses for Interest on Working Capital***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Actual as per Provisional Accounts	Considered for APR	Gain/(Loss) due to Controllable Factor
Interest on Working Capital	4715	5552	4758	(794)

**Note 3: Sharing of gains / losses on extraordinary item**

In case of other expenses, extraordinary item is considered as an uncontrollable item as it includes expenses on account of floods cyclones etc. Further, other expense capitalized is already considered in the O&M expenses thus it is taken as nil to avoid double counting.

**3.16. Revenue for FY 2008-09**

During the FY 2008-09, the petitioner has revenue of Rs. 546,796 Lakhs as against Rs. 457,167 Lakhs as approved by the Commission. The Commission has verified the same from provisional accounts of FY 2008-09. Accordingly, total revenue as per provisional accounts is considered for the purpose of finding out the revenue gap for FY 2008-09 to be passed on to the consumers..

**Table 41: Total Revenue considered for FY 2008-09***(Rs Lakhs)*

Sr. No.	Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
1	Revenue with Existing Tariff	396894	484832	483536
2	Other Income (Consumer related)	10787	11662	16340
3	<b>Total Revenue before Subsidy (1 + 2)</b>	<b>407681</b>	<b>496495</b>	<b>499876</b>
4	Agriculture Subsidy	43017	40300	40300
5	Other Subsidies	6469	7228	6800
6	<b>Total Revenue After Subsidy (3+4+5)</b>	<b>457167</b>	<b>544023</b>	<b>546976</b>

### 3.17. Other Consumer related Income for FY 2008-09

Revenue from Other Consumer Related Income comprises of revenue on account of charge imposed other than the basic charges applicable to the Consumers. These include income on account of meter rent, wheeling charges, Inspection charges and miscellaneous charges.

#### Petitioner's submission

For FY 2008-09 the actual/projected other consumer related income as submitted by PGVCL is Rs 11662 Lakhs.

**Table 42: Other Consumer Related Income estimated by PGVCL**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09
Other Consumer related Income	10787	11662

#### Commission's Analysis

The Commission in its Order dated Jan 17, 2009 approved Rs 10787 Lakhs as other consumer related income which was based on the average increase in number of consumers.

During verification of other consumer related income from the provisional accounts of FY 2008-09 the Commission observed that the non-tariff income as per P&L Account is Rs 11629 Lakhs. Further, it is observed that there is an additional income on account of excess provision written back in the books of accounts at Rs 4711 Lakhs.



Thus, the Commission has considered the non-tariff income for FY 2008-09 at Rs 16340 Lakhs (Rs 11629 Lakhs plus Rs 4711 Lakhs) as shown in the Table:

**Table 43: Other Consumer Related Income considered for FY 2008-09***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008-09	Considered for APR
Other Consumer related Income	10787	11662	16340

**3.18. Subsidy for FY 2008-09****Petitioner's submission**

For FY 2008-09 the actual/projected subsidy as submitted by PGVCL is Rs 47529 Lakhs

**Table 44: Subsidy considered for FY 2008-09***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by PGVCL for FY 2008- 09
Share of Agriculture Subsidy	43017	40300
Other Subsidies (Write back of CC/Grants)	6469	7228
<b>Total</b>	<b>49486</b>	<b>47529</b>

**Commission's Analysis**

The Commission in its Order dated Jan 17, 2009 approved Rs 49,486 Lakhs as subsidy for FY 2008-09. During verification from the provisional accounts of FY 2008-09 the Commission observed that actual subsidy as per P&L Account is Rs 47100 Lakhs. Accordingly, the Commission has considered the Subsidy for FY 2009-10 as submitted by the petitioner.

**Table 45: Subsidy considered for FY 2008-09***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2008-09	Revised Estimates submitted by	Considered for APR
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		PGVCL for FY 2008-09	
Share of Agriculture Subsidy	43017	40300	40300
Other Subsidies (Write back of CC/Grants)	6469	7228	6800
<b>Total</b>	<b>49486</b>	<b>47529</b>	<b>47100</b>



**3.19. Revenue Gap / (Surplus) for FY 2008-09****Table 46: Net Revenue Gap for FY 2008-09***(Rs Lakhs)*

Particulars	Estimated by the Petitioner for FY 2008-09	Estimated by the Commission for FY 2008-09
Aggregate Revenue Requirement originally approved for FY 2008-09	479042	479042
Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(75899)	(65464)
Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	(2662)	(4233)
<b>Revised ARR for FY 2008-09</b>	<b>557603</b>	<b>548739</b>
Revenue with Existing Tariff	484832	483536
Other Income (Consumer related)	11662	16340
<b>Total Revenue before Subsidy</b>	<b>496495</b>	<b>499876</b>
Agriculture Subsidy	40300	40300
Other Subsidies	7228	6800
<b>Total Revenue After Subsidy</b>	<b>544023</b>	<b>546976</b>
<b>Revised Gap/(Surplus) after treating gains/losses due to Controllable/ Uncontrollable factors</b>	<b>13579</b>	<b>1763</b>

**3.20. Provisional Gap/Surplus for FY 2008-09**

The net revised ARR of PGVCL for FY 2008-09 works out to Rs. 548739 Lakhs. Total revenue from retail tariff including subsidy amounts to Rs 546976 Lakhs. Accordingly, there is a revenue gap of Rs 1763 Lakhs FY 2008-09 as shown in the Table above. This gap shall be included in the ARR of FY 2009-10, while determining the tariffs for FY 2009- 10.



However, the Commission clarifies that it will undertake the final truing up once the audited accounts of PGVCL for FY 2008-09 are available, i.e., and will consider the final gap during Annual Performance Review for the FY 2009-10.





## 4. Determination of Aggregate Revenue Requirement for FY 2009-10

### 4.1. Sales

#### Petitioner's Approach to Sales Projections

The petitioner has adopted historical trend, using CAGR to estimate the number of consumers, the connected load and the energy consumption. This is based on the assumption that historical trend provides insight into the behaviour of each category. The petitioner has also stated that the Commission in the MYT Order has accepted this methodology.

As per the methodology discussed above, The petitioner has submitted the break-up of the past sales, number of consumers and connected load and their respective CAGR for different periods (5-year, 3-year and year on year) as discussed in the subsequent sections<sup>1</sup>.

Category-wise break up of Sales and the CAGR for different periods (5-year, 3-year and year on year) as submitted by PGVCL are as follows:

**Table 47 : Historical Trend in Category-wise Units sold**

(MUs)

PGVCL	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09 (Prov.)
<b>Low Tension Consumers</b>						
Residential	1299	1407	1505	1657	1826	2032
Commercial	394	442	494	561	646	732
Industrial LT	794	876	960	1064	1140	1151
Public Water Works	187	203	210	219	236	269
Agriculture	3551	3672	3897	4062	4198	4286
Street Light	48	49	53	58	62	65
Temporary Supply at LT	0	0	0	0	0	0
<b>LT Total</b>	<b>6273</b>	<b>6649</b>	<b>7119</b>	<b>7621</b>	<b>8107</b>	<b>8534</b>
<b>High Tension Consumers</b>						
Industrial HT	1451	1551	1993	3271	3730	3715

<sup>1</sup> The 5-year CAGR is for the period from FY 2003-04 to FY 2007-08. The 3-year CAGR is for the period from FY 2005-06 to FY 2007-08.



Railway Traction	0	0	0	0	0	0
<b>HT Total</b>	<b>1451</b>	<b>1551</b>	<b>1993</b>	<b>3271</b>	<b>3730</b>	<b>3715</b>
<b>TOTAL</b>	<b>7724</b>	<b>8200</b>	<b>9111</b>	<b>10892</b>	<b>11837</b>	<b>12250</b>

Table 48: Category-wise Growth rates of Units Sold

Sales	CAGR (5-year) FY 08 over 04	CAGR (3-year) FY 08 over 06	FY 07 over FY 06	FY 08 over FY 07	FY 09 over FY 08
<b>Low Tension Consumers</b>					
Residential	8.88%	10.14%	10.1%	10.18%	11.29%
Commercial	13.16%	14.35%	13.6%	15.15%	13.31%
Industrial LT	9.46%	8.96%	10.8%	7.12%	0.97%
Public Water Works	5.99%	6.01%	4.3%	7.77%	14.12%
Agriculture	4.27%	3.79%	4.2%	3.34%	2.09%
Street Light	6.48%	8.42%	10.5%	6.40%	5.14%
Temporary Supply at LT	0.00%	0.00%	0.0%	0.00%	0.00%
<b>LT Total</b>	<b>6.62%</b>	<b>6.72%</b>	<b>7.1%</b>	<b>6.38%</b>	<b>5.27%</b>
<b>High Tension Consumers</b>					
Industrial HT	26.62%	36.82%	64.2%	14.03%	-0.39%
Railway Traction	0.00%	0.00%	0.0%	0.00%	0.00%
<b>HT Total</b>	<b>26.62%</b>	<b>36.82%</b>	<b>64.2%</b>	<b>14.03%</b>	<b>-0.39%</b>
<b>TOTAL</b>	<b>11.26%</b>	<b>13.98%</b>	<b>19.5%</b>	<b>8.68%</b>	<b>3.49%</b>

Category-wise break-up of number of Consumers and the CAGR for different periods (5-year, 3-year and year on year) as submitted by PGVCL are as follows:

Table 49: Category-wise No. of Consumers

PGVCL	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09 (Prov.)
<b>Low Tension Consumers</b>						
Residential	2096630	2179474	2245856	2322867	2419906	2560120
Commercial	375565	394111	411346	431485	448836	469316
Industrial LT	65890	67906	70372	72643	74697	76471
Public Water Works	10248	10423	10522	10519	10717	11103
Agriculture	322424	334124	352003	362816	381011	402126
Street Light	3900	3922	3952	4112	4307	4563
Temporary Supply at LT	0	0	0	0	0	0
<b>LT Total</b>	<b>2874657</b>	<b>2989960</b>	<b>3094051</b>	<b>3204442</b>	<b>3339474</b>	<b>3523699</b>
<b>HT Consumers</b>						
Industrial HT	1238	1305	1500	1733	1957	2188
Railway Traction	0	0	0	0	0	0
<b>HT Total</b>	<b>1238</b>	<b>1305</b>	<b>1500</b>	<b>1733</b>	<b>1957</b>	<b>2188</b>
<b>TOTAL</b>	<b>2875895</b>	<b>2991265</b>	<b>3095551</b>	<b>3206175</b>	<b>3341431</b>	<b>3525887</b>



Table 50: Growth rate of no. of Consumers

No. of Consumers	CAGR (5-year) FY 08 over 04	CAGR (3-year) FY 08 over 06	FY 07 over FY 06	FY 08 over FY 07	FY 09 over FY 08
<b>Low Tension Consumers</b>					
Residential	3.65%	3.80%	3.43%	4.18%	5.79%
Commercial	4.56%	4.46%	4.90%	4.02%	4.56%
Industrial LT	3.19%	3.03%	3.23%	2.83%	2.37%
Public Water Works	1.12%	0.92%	-0.03%	1.88%	3.60%
Agriculture	4.26%	4.04%	3.07%	5.01%	5.54%
Street Light	2.51%	4.39%	4.05%	4.74%	5.94%
Temporary Supply at LT	0.00%	0.00%	0.00%	0.00%	0.00%
<b>LT Total</b>	<b>3.82%</b>	<b>3.89%</b>	<b>3.57%</b>	<b>4.21%</b>	<b>5.52%</b>
<b>High Tension Consumers</b>					
Industrial HT	12.13%	14.22%	15.53%	12.93%	11.80%
Railway Traction	0.00%	0.00%	0.00%	0.00%	0.00%
<b>HT Total</b>	<b>12.13%</b>	<b>14.22%</b>	<b>15.53%</b>	<b>12.93%</b>	<b>11.80%</b>
<b>TOTAL</b>	<b>3.82%</b>	<b>3.90%</b>	<b>3.57%</b>	<b>4.22%</b>	<b>5.52%</b>

Break-up of the Connected Load and CAGR for different periods (5-year, 3-year and year on year) as submitted by Petitioner are as follows:

Table 51: Category-wise Connected Load

(MW)

PGVCL	FY03-04	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09 (Prov.)
<b>Low Tension Consumers</b>						
Residential	803	920	1062	1506	1681	1855
Commercial	267	310	378	459	568	659
Industrial LT	691	729	774	821	893	945
Public Water Works	100	102	103	102	106	109
Agriculture	1834	1934	2105	2166	2300	2462
Street Light	9	9	11	14	17	18
Temporary Supply at LT	0	0	0	0	0	0
<b>LT Total</b>	<b>3704</b>	<b>4004</b>	<b>4434</b>	<b>5068</b>	<b>5565</b>	<b>6048</b>
<b>High Tension Consumers</b>						
Industrial HT	0	514	640	916	1207	1273
Railway Traction	0	0	0	0	0	0
<b>HT Total</b>	<b>0</b>	<b>514</b>	<b>640</b>	<b>916</b>	<b>1207</b>	<b>1273</b>
<b>TOTAL</b>	<b>3704</b>	<b>4518</b>	<b>5074</b>	<b>5984</b>	<b>6772</b>	<b>7321</b>

Table 52: Growth Rate for Connected Load (in MW)



Load	CAGR (5-year) FY 08 over 04	CAGR (3-year) FY 08 over 06	FY 07 over FY 06	FY 08 over FY 07	FY 09 over FY 08
<b>Low Tension Consumers</b>					
Residential	20.29%	25.81%	41.81%	11.62%	10.35%
Commercial	20.77%	22.58%	21.43%	23.75%	16.02%
Industrial LT	6.62%	7.41%	6.07%	8.77%	5.82%
Public Water Works	1.47%	1.45%	-0.97%	3.92%	2.83%
Agriculture	5.82%	4.52%	2.87%	6.19%	7.04%
Street Light	17.23%	22.12%	22.81%	21.43%	5.88%
Temporary Supply at LT	0.00%	0.00%	0.00%	0.00%	0.00%
<b>LT Total</b>	<b>10.71%</b>	<b>12.03%</b>	<b>14.30%</b>	<b>9.81%</b>	<b>8.68%</b>
<b>High Tension Consumers</b>					
Industrial HT	0.00%	37.33%	43.13%	31.77%	5.47%
Railway Traction	0.00%	0.00%	0.00%	0.00%	0.00%
<b>HT Total</b>	<b>0.00%</b>	<b>37.33%</b>	<b>43.13%</b>	<b>31.77%</b>	<b>5.47%</b>
<b>TOTAL</b>	<b>16.28%</b>	<b>15.53%</b>	<b>17.94%</b>	<b>13.17%</b>	<b>8.11%</b>

### Commission's Approach for Sales Projections for FY 2009-10

The Commission has adopted the same approach that has been adopted in the MYT Order as well as by the petitioner in its submission for revised estimation of FY 2009-10. However, the Commission has examined the assumptions on category-wise CAGR vis a vis outlook of the growth in each category and accordingly approved the same.

The petitioner's submission and the Commission's view for each consumer category is given below:

#### a. Residential Category

#### Petitioner's submission

The Petitioner has submitted that it had witnessed a double digit growth in the units sold in the last few years with the three-year CAGR (between FY 2005-06 and FY 2007-08) of 10.14% p.a.

The number of consumers added in this category has witnessed a three-year CAGR of 3.80% p.a. (between FY 2005-06 and FY 2007-08). Petitioner expects the above trend to continue.



The connected load has been growing at a three-year CAGR of 25.81% p.a. (between FY 2005-06 and FY 2007-08). However, the Petitioner projects a conservative trend for assuming growth rate of 12% for FY 2009-10.

### Commission's View

The sales to this category constitute about 15% to 17% of total energy sales of the company. The Commission in its Multi-Year Tariff Order dated Jan 17, 2009 approved 2178 MUs for FY 2009-10. The revised sales based on CAGR as discussed in the above paragraph works out to be 2238 MUs.

For FY 2009-10, the Commission has analyzed the sales projections on the basis of CAGR as projected by PGVCL and has also considered the recent trend. Since there was no significant difference between the sales projected by PGVCL and that projected by the Commission, the Commission has approved the sales projected by PGVCL for FY 2009- 10.

**Table 53: Revised Approved Residential Sales for FY 2009-10**

(MUs)

Consumer Category	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009- 10	Revised Approved for FY 2009-10
Residential	2178	2238	2238

### b. Commercial Category

#### Petitioner's submission

PGVCL has submitted that commercial category had also witnessed a double digit growth. Three-year CAGR of sales to commercial consumers between FY 2005-06 and FY 2007- 08 was 14.35% p.a.

Further, last three-year CAGR recorded for the growth in consumers between FY 2005-06 and FY 2007-08 was 4.46% p.a. The Company expects the same trend to continue for FY 2009-10.



Three-year CAGR recorded between FY 2005-06 and FY 2007-08 for in the connected load was 22.58% p.a. the petitioner believes that this high growth rate may not sustain. And accordingly has estimates 12% growth rate for the FY 2009-10.

### Commission's View

The sales to this category constitute about 5% to 7% of total energy sales of the company. Commission in its Multi-Year Tariff Order dated Jan 17, 2009 approved 821 MUs. The revised sales assumption based on the CAGR as projected in the above paragraph works out to be 837 MUs.

For FY 2009-10, the Commission has analyzed the sales projections on the basis of CAGR as projected by Petitioner and also considered the recent trend. Since there was no significant difference between the sales projected by PGVCL and that projected by the Commission, the Commission has approved the sales projected by PGVCL for FY 2009- 10.

**Table 54: Revised Approved Commercial Sales for FY 2009-10**

(MUs)

Consumer Category	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Commercial	821	837	837

### c. Industrial LT Category

#### Petitioner's submission

PGVCL has submitted that Industrial LT has recorded a CAGR of 8.96% p.a. between FY 2005-06 and FY 2007- 08. Further, last three years i.e. between FY 2005-06 and FY 2007-08, CAGR for the growth in consumers and for growth in the connected load was 3.03% p.a. and 7.41% p.a. respectively. The Company expects the same trend to continue for FY 2009-10.

#### Commission's View

The sales to this category constitute about 10% of total energy sales of the company. Commission in its Multi-Year Tariff Order dated Jan 17, 2009 approved 1384 MUs.



The revised sales based on the CAGR as projected in the above paragraph work out to be 1254 MUs.

For FY 2009-10, the Commission has analyzed the sales projections on the basis of CAGR as projected by PGVCL and also considered the recent trend. Based on the analysis the Commission has approved the sales as projected by PGVCL for FY 2009- 10.

**Table 55: Revised Approved Industrial Sales for FY 2009-10**

(MUs)

Consumer Category	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Industrial LT	1384	1254	1254

#### **d. Public Water Works**

##### **Petitioner's submission**

PGVCL has submitted that the three-year CAGR for sales between FY 2005-06 and FY 2007-08 was 6.01% p.a.

The number of consumers added in the category has witnessed a CAGR of 0.92% p.a. between FY 2005-06 and FY 2007-08. The Company expects the above trend to continue.

The connected load has been growing at a CAGR of 1.45% p.a. between FY 2005-06 and FY 2007-08. The company expects a growth rate of 1% for this category in FY 2009-10.

##### **Commission's View**

The sales to this category constitute about 2 to 3% of total energy sales of the company. The Commission in its Multi-Year Tariff Order dated Jan 17, 2009 approved 255 MUs. The actual sales from Apr 09 to Aug 09 in this category are 128 MUs. The revised sales based on the CAGR assumed as projected in the above paragraph works out to be 286 MUs.



For FY 2009-10, the Commission has analyzed sales projections on the basis of CAGR as assumed by PGVCL and has also considered the recent trend. Since there was no significant difference between the sales projected by PGVCL and that projected by the Commission, the Commission has approved the sales projected by PGVCL for FY 2009- 10.

**Table 56: Revised Approved Public Water Works for FY 2009-10**

(MUs)

Consumer Category	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Public Water Works	255	286	286

#### e. Agriculture Category

##### Petitioner's submission

The sales to this category constitute about 35% of total energy sales of the company. The consumption of electricity by irrigation pump-sets are not metered except connections released during recent years. PGVCL has submitted that it plans to release around 25,000 new connections under this category. The petitioner has estimated that an additional connected load of 159 MW based on their current norm of 8.5 HP per connection. The average consumption of metered connections is proposed at 700 kWh / HP / Annum and consumption of unmetered consumer is 1700 kWh/HP/Annum. For projection of sales for additional connections, PGVCL has proposed 1200 kWh/HP/Annum  $((700+1700)/2=1200)$ . This would translate into an additional consumption of around 255 MU (1200 kWh/HP/Annum) as shown below:

**Table 57: Sales proposed for Agriculture FY 2009-10**

(MUs)

Release of Pending Agriculture Connections	Unit	FY 2009-10
Number of New Agriculture Connections	Nos.	25000
Total Additional Load in MW	MW	159
Additional Load Added in HP	HP	212500
Additional demand on account of New Agriculture Connections	MU	255





**Commission's View**

Commission has noted that all the proposed new connections will be metered connections. Further, taking simple average of metered and unmetered consumption would not be a correct approach as the number of connections is not same in both the categories.

The total sales in agriculture for FY 2009-10 is the summation of unmetered consumption (which is taken as approved in MYT Order), metered consumption of FY 2008-09 (which is difference between the total sales in FY 2008-09 and unmetered consumption) and estimated consumption of the new agriculture connections.

**Table 58: Metered and Unmetered Sales in FY 2008-09**

(MUs)

<b>FY 2008-09</b>	<b>Sales (MU's)</b>	<b>No. of Consumers</b>	<b>Load</b>	<b>HP</b>
Total FY 2008-09 (Pro)	4286	402126	2462	3300268
Unmetered from FY 2008-09	3664	257846	1608	2155458
<b>Metered for FY 2008-09</b>	<b>621</b>	<b>144280</b>	<b>854</b>	<b>1144810</b>

In order to estimate the estimated sales of new agriculture connections average consumption of 650units/HP/year is considered – as all the connections have to be metered connections. The total sales estimated in the agriculture category is as shown below.

**Table 59: Sale estimation for FY 2009-10**

(MUs)

<b>Agriculture</b>	<b>Sales (MU's)</b>	<b>No. of Consumers</b>	<b>Load in MW</b>	<b>HP</b>
Metered	621	144280	854	1226380
New Metered	138	25000	159	212500
Total Metered	759	169280	1013	1438880
Total Unmetered	3664	257846	1608	2155458
<b>Total</b>	<b>4424</b>	<b>427126</b>	<b>2621</b>	<b>3594338</b>

**Table 60: Total Revised Sales for Agriculture FY 2009-10**

(MUs)

Consumer Category	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Agriculture metered	1010	833	759
Agriculture unmetered	3664	3708	3664
<b>Total</b>	<b>4674</b>	<b>4541</b>	<b>4424</b>

#### f. Street (Public) Lighting

##### Petitioner's submission

PGVCL has submitted that three-year CAGR between FY 2005-06 and FY 2007-08 for sales under this category was 8.42% p.a.

Three-year CAGR for the growth in the number of consumers between FY 2005-06 and FY 2007-08 was 4.39% p.a. Company expects the same trend to continue for FY 2009-10.

Three-year CAGR between FY 2005-06 and FY 2007-08 witnessed for the connected load was 22.12% p.a. However, Petitioner submitted that this high growth rate may not sustain and accordingly it has estimated 12% growth rate for the FY 2009-10.

##### Commission's View

The sales to this category constitute about 0.5% to 1% of total energy sales.

The Commission in its Multi-Year Tariff Order dated Jan 17, 2009 approved 73 MUs. The actual sales from April 09 to August 09 in this category are 29 MUs. The revised sales based on the CAGR as discussed in the above paragraph works out to be 70 MUs.

For FY 2009-10, the Commission has analyzed the sales projections on the basis of CAGR as projected by PGVCL and also considered the recent trend. Since there was no significant difference between the sales projected by PGVCL and that



projected by the Commission, the Commission has approved the sales projected by PGVCL for FY 2009- 10.

**Table 61: Revised Approved Public Lighting Sales for FY 2009-10**

(MUs)

Consumer Category	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Public Lighting	73	70	70

#### **g. Industrial HT Category**

##### **Petitioner's submission**

Petitioner has submitted that the three-year CAGR between FY 2005-06 and FY 2007- 08 for units sold to this category was 36.82% p.a., 5-year CAGR between FY 2003-04 and FY 2007-08 was 26.62% p.a. and the year on year growth from FY 2007-08 to FY 2008-09 was negative. However, based on the past trends, a median value of 7% has been assumed as the growth rate for the FY 2009-10.

Further, petitioner has submitted that three-year CAGR for the growth in number of consumers and connected load between FY 2005-06 and FY 2007-08 was 14.22% p.a. and 41.26% p.a. respectively which is very high and accordingly a growth rate of 7% has been assumed for the FY 2009-10.

##### **Commission's View**

The sales to this category constitute about 30% of total energy sales of the company.

Commission in its Multi-Year Tariff Order dated Jan 17, 2009 approved 4400 MUs. The actual sales from Apr 09 to Aug 09 in this category are 1670 MUs. The revised sales based on CAGR as discussed in the above paragraph works out to be 3975 MUs.

While this category has witnessed growth as high as 43.6% during the last 3 years, the growth has reduced and the growth in this category for the FY 2008-09 was only 10%. This is due to increase in industrial activity in the license area due to tax holiday / benefits announced by the Government of Gujarat for industrial projects in certain areas which come under the Petitioner's license area. These concessions were



discontinued subsequently and accordingly the growth in demand from this category has come down. In view of this, the Commission has also considers the growth rate of 7% during FY 2009-10 in line with the Petitioner's submission.

Based on above analysis, Commission has approved the sales as given in the table below:

**Table 62: Revised Approved Industrial HT for FY 2009-10**

(MUs)

Consumer Category	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Industrial HT	4400	3975	3975

#### **h. Railway Traction Category**

The petitioner has submitted that there is no demand from Railways in the recent past and accordingly no sale is assumed in this category for the FY 2009 10.

The Commission has noted the submission by the petitioner and has approved as proposed by the Petitioner.

#### **Total Energy Sales**

Based on above discussions, total energy sales as projected by the petitioner and as approved by the Commission for FY 2009-10 are shown below:

**Table 63 : Approved Sales for FY 2009-10**

(MUs)

Consumer Category	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
<b>Low Tension Consumers</b>			
Residential	2178	2238	2,238
Commercial	821	837	837
Industrial LT	1384	1254	1,254
Public Water Works	255	286	286



Agriculture - Metered	4674	833	759
Agriculture - Un-Metered		3708	3,664
Street Light	73	70	70
Temporary Supply at LT	0	0	0
<b>LT Total</b>	<b>9385</b>	<b>9225</b>	<b>9,108</b>
<b>High Tension Consumers</b>			
Industrial HT	4400	3975	3,975
Railway Traction	0	0	0
<b>HT Total</b>	<b>4400</b>	<b>3975</b>	<b>3,975</b>
<b>TOTAL</b>	<b>13785</b>	<b>13201</b>	<b>13,084</b>

#### 4.2. Distribution Losses and Energy Input Requirement

##### Petitioner's submission

Petitioner has submitted that it would be able to achieve distribution losses of 29% for the FY 2009-10 as against 28% approved by the Commission

##### Commission's view

The Commission has noted that there are no specific reasons stated by the Petitioner for non-achievement of reduction in distribution loss. Further, distribution loss is a controllable parameter. In view of this, the Commission has continued with the MYT approved distribution losses of 28% and has accordingly estimated the energy requirement.

**Table 64: Distribution Losses approved by Commission for FY 2009-10**

(%)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Distribution Loss	28.00	29.00	28.00

The energy balance based on the approved distribution loss and transmission loss as per GETCO order is given in table below:

**Table 65: Energy Balance considered for FY 2009-10**

(MUs)

Particulars	Unit	Approved as per MYT order for FY	Revised Estimates by PGVCL for FY	Revised Approved for FY 2009-
-------------	------	----------------------------------	-----------------------------------	-------------------------------



		2009-10	2009-10	10
Energy Sales	MUs	13785	13201	13084
Distribution Losses	MUs	5361	5392	5088
	%	28.00%	29.0%	28.00%
<b>Energy Requirement</b>	<b>MUs</b>	19146	18593	18172
Transmission Losses	MUs	806	876	807
	%	4.04%	4.50%	4.25%
<b>Total Energy to be input to Transmission System</b>	<b>MUs</b>	19952	19469	18978
Pooled Losses in PGCIL System	MUs	358	272.43	272.43
<b>Total Energy Requirement</b>	<b>MUs</b>	<b>20310</b>	<b>19741</b>	<b>19251</b>

#### 4.3. Total Power Purchase Cost

The total cost of power purchase estimated by the Petitioner would comprise of the following components

- Cost of the energy or power purchase cost based on PPA allocation and Merit order despatch
- Transmission charges of GETCO and PGCIL
- SLDC fees and Charges
- allocated gap / surplus of GUVNL
- E-Urja Cost (part of GUVNL Cost)

#### Petitioner's submission

PGVCL has submitted revised power purchase cost for FY 2009-10 as shown below:

**Table 66: Revised Power Purchase Cost submitted by PGVCL**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates by PGVCL for FY 2009-10
Power Purchase Cost through Merit Order	424362	460109
Transmission Costs to PGCIL & GETCO	33743	61929
GUVNL	1979	0
E-Urja Cost	1023	945



SLDC Fees & Charges	0	262
<b>Total Power Purchase Cost</b>	<b>461107</b>	<b>523245</b>

The section below discusses the approach adopted by the petitioner for each of the above components and gives the Commission's views on the same.

#### a. Cost of energy

Once the energy requirement is arrived at, the power purchase cost is worked out by applying merit order dispatch principles for the allocated capacities / PPAs. In view of this, allocation of capacities / PPAs and the principles & methodology for merit order dispatch adopted by Petitioner are discussed in the section below

#### Allocation of Capacities/PPAs

The petitioner has stated that the company has been allocated PPAs as mentioned in Table 67. Petitioner has also stated that while most of the stations are existing, some are expected to come online during the FY 2009-10. Further, GUVNL has discontinued supply of power to Torrent Power Limited (TPL) from August, 2009 pursuant to commissioning of Sugan CCPP. In view of this, capacity retained by GUVNL for supply of power to TPL's Ahmedabad and Surat distribution areas has been allocated to the four distribution companies of Gujarat viz. DGVCL, MGVCL, PGVCL and UGVCL with effect from August, 2009.

**Table 67: PPA Allocation for FY 2009-10**

(MW)

Generating Stations	Allocated Capacity from April 2009 to July 2009	Allocated Capacity from Aug 2009 to March 2010
Ukai TPS	255	255
Ukai Hydro	153	153
Gandhinagar I to IV	310	132
Gandhinagar V	57	84
Wanakbori I to VI	630	630
Wanakbori VII	53	53
Sikka TPS	-	35
Kutch Lignite I to III	162	162
Kutch Lignite IV	-	-
Dhuvaran oil	-	-



Generating Stations	Allocated Capacity from April 2009 to July 2009	Allocated Capacity from Aug 2009 to March 2010
Kadana Hydro	-	-
Utran Gas Based	54	54
Dhuvaran Gas Based - Stage-I	20	82
Dhuvaran Gas Based - Stage-II	-	-
Utran Extension	-	243
Sikka Extension	-	-
ESSAR	-	-
GPEC	-	78
GIPCL II (160)	64	64
GIPCL-SLPP	113	150
GSEG	94	68
GIPCL - I (145)	-	-
GMDC - Akrimota	188	188
GSEG Expansion	-	-
GIPCL, Expansion	-	63
GSPC-Pipavav	-	-
NPC - Tarapur- 1&2	128	128
NPC - Kakrapar	-	-
NPC - Tarapur- 3&4	-	-
NTPC - KORBA	347	347
NTPC - VINDHYACHAL - I	186	186
NTPC - VINDHYACHAL - II	190	190
NTPC - VINDHYACHAL - III	-	-
NTPC - KAWAS	74	98
NTPC - JHANOR	-	-
NTPC - Kahalgaon	-	-
NTPC - Sipat Stage - II	-	-
SSNNL - Hydro	174	174
NTPC Kahalgaon (New)	12	12
NTPC North Karanpura	-	-
Sipat Stage-I	-	36
Wind Farms	244	244
Tarini Infrastructure Limited	-	2
APPL	-	300
Aryan	-	-

**Merit order Dispatch**



The petitioner has worked out a comprehensive merit order dispatch (MOD) following the same principles as approved in the previous tariff order of the Commission wherein Nuclear Power Corporation (NPC) power plants and hydro power plants viz., SSNL hydro, NPC Tarapore and Kakrapar and Ukai hydro have been considered as must run power plants, and excluded from merit order dispatch and the dispatch from individual generating stations is worked out following the merit order based on the variable cost of each generating unit / station.

### Commission's View on Purchase Cost for FY 2009-10

The Commission has considered energy requirement of PGVCL for FY 2009-10 as given in the Table 65 and has also followed the merit order principles as adopted by the Commission during MYT order. In terms of sources of power, the Commission has considered the allocation of PPAs as submitted by PGVCL for FY 2009-10.

In order to estimate the power purchase cost fixed and variable costs of GSECL stations are considered as per the Tariff order for GSECL for FY 2009-10. The fixed and variable costs of IPPs and the central stations are considered as approved in MYT Order.

Based on the above, the power purchase costs for the control period have been calculated and approved by the Commission is as given in Tables below:

**Table 68: Revised approved Cost of Energy (Plant wise) for FY 2009-10**

Power Purchase for FY 2009-10	Units Available (MU)	Units Dispatched (MU)	Fixed Cost (Rs. Lacs)	Variable Cost (Rs./Unit)	Variable Cost (Rs. Lacs)	Incentive (Rs. Lacs)	Total Cost (Rs. Lacs)	Per Unit Cost (Rs./Unit)
Ukai TPS	1,504	1,504	8,092	1.50	22,564	-	30,656	2.04
Ukai Hydro	318	318	1,403	-	-	-	1,403	0.44
Gandhinagar I to IV	1,043	707	8,104	1.75	12,380	-	20,484	2.90
Gandhinagar V	549	549	3,435	1.47	8,075	179	11,689	2.13
Wanakbori I to VI	4,269	4,228	20,063	1.73	73,149	628	93,839	2.22
Wanakbori VII	389	389	2,356	1.64	6,375	127	8,858	2.28
Sikka TPS	136	41	1,129	1.99	813	-	1,942	4.75
Kutch Lignite I to III	897	897	13,150	1.07	9,594	-	22,744	2.54
Kutch Lignite IV	-	-	-	-	-	-	-	-



Power Purchase for FY 2009-10	Units Available (MU)	Units Dispatched (MU)	Fixed Cost (Rs. Lacs)	Variable Cost (Rs./Unit)	Variable Cost (Rs. Lacs)	Incentive (Rs. Lacs)	Total Cost (Rs. Lacs)	Per Unit Cost (Rs./Unit)
Dhuvaran oil	-	-	-	-	-	-	-	-
Kadana Hydro	-	-	-	-	-	-	-	-
Utran Gas Based	418	189	2,356	2.16	4,085	136	6,577	3.48
Dhuvaran Gas Based - Stage-I	467	140	3,231	2.21	3,099	130	6,459	4.61
Dhuvaran Gas Based - Stage-II	-	-	-	-	-	-	-	-
Utran Extension	954	286	6,170	1.86	5,324	-	11,494	4.02
Sikka Extension	-	-	-	-	-	-	-	-
ESSAR	-	-	-	-	-	-	-	-
GPEC	353	106	3,544	2.47	2,618	110	6,272	5.92
GIPCL II (160)	436	436	2,348	1.72	7,491	-	9,839	2.26
GIPCL-SLPP	868	868	8,547	0.95	8,249	136	16,931	1.95
GSEG	522	522	5,776	1.48	7,733	-	13,509	2.59
GIPCL - I (145)	-	-	-	-	-	-	-	-
GMDC - Akrimota	1,186	1,186	17,037	0.61	7,233	185	24,455	2.06
GSEG Expansion	-	-	-	-	-	-	-	-
GIPCL, Expansion	203	61	1,460	1.75	1,064	-	2,524	4.15
GSPC-Pipavav	-	-	-	-	-	-	-	-
NPC - Tarapur- 1&2	807	807	-	0.94	7,586	290	7,876	0.98
NPC - Kakrapar	-	-	-	-	-	-	-	-
NPC - Tarapur- 3&4	-	-	-	-	-	-	-	-
NTPC - KORBA	2,237	2,237	8,113	0.57	12,748	-	20,861	0.93
NTPC - VINDHYACHAL - I	1,186	1,186	5,598	1.03	12,221	-	17,819	1.50
NTPC - VINDHYACHAL - II	1,234	1,234	8,059	0.98	12,093	-	20,153	1.63
NTPC - VINDHYACHAL - III	-	-	-	-	-	-	-	-
NTPC - KAWAS	614	184	4,788	3.09	5,691	221	10,699	5.81
NTPC - JHANOR	-	-	-	-	-	-	-	-
NTPC - Kahalgaon	-	-	-	-	-	-	-	-
NTPC - Sipat Stage - II	-	-	-	-	-	-	-	-
SSNNL - Hydro	215	215	-	2.05	4,414	-	4,414	2.05
NTPC Kahalgaon (New)	38	38	4,555	1.70	647	-	5,203	13.66
NTPC North Karanpura	-	-	1,799	-	-	-	1,799	#DIV/0!
Sipat Stage-I	58	58	2,523	1.70	992	-	3,515	6.02
RELIANCE INDUSTRIES LTD.NARODA	37	37	-	2.34	861	-	861	2.34



Power Purchase for FY 2009-10	Units Available (MU)	Units Dispatched (MU)	Fixed Cost (Rs. Lacs)	Variable Cost (Rs./Unit)	Variable Cost (Rs. Lacs)	Incentive (Rs. Lacs)	Total Cost (Rs. Lacs)	Per Unit Cost (Rs./Unit)
UNITED PHOSPHOROUS LTD. JHAGADIA	-	-	-	-	-	-	-	-
GUJARAT ALKALIS & CHEMI. LTD. BARUCH	12	12	-	1.97	242	-	242	1.97
ONGC Anlkeshwar	12	12	-	1.90	233	-	233	1.90
ONGC, Hazira	12	12	-	1.90	233	-	233	1.90
M/S ADANI EXPORT (PHILIPS CARBON)	-	-	-	-	-	-	-	-
M/S Arvind Mills LTD	-	-	-	-	-	-	-	-
Wind Farms (Old Policy)	16	16	-	1.75	284	-	284	1.75
Wind Farms (New Policy)	475	475	-	3.37	16,000	-	16,000	3.37
Tarini Infrastructure Limited	6	6	-	3.00	191	-	191	3.00
APPL	292	292	2,760	1.48	4,314	-	7,074	2.43
Aryan	-	-	-	-	-	-	-	-
<b>Total</b>	<b>21,765</b>	<b>19,251</b>	<b>146,395</b>	<b>1.34</b>	<b>258,593</b>	<b>2,142</b>	<b>407,130</b>	<b>2.11</b>

Table 69 : Revised approved Cost of Energy (Plant wise) for FY 2009-10

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Power Purchase Cost through Merit Order	424362	460109	407130

## b. Transmission Charges of GETCO and PGCIL

**Petitioner's submission**

The petitioner has considered transmission charges to GETCO as per the tariff petition filed by GETCO for the FY 2009-10. Transmission charges of PGCIL has been taken as per the MYT Order.

Table 70: Revised Transmission Charges as submitted by PGVCL

(Rs Lakhs)



Transmission Charges of Utilities	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
GETCO Charges	29434	50939
PGCIL Charges	4309	10990
<b>Total Transmission Charges</b>	<b>33743</b>	<b>61929</b>

The petitioner has stated that transmission charges of PGCIL are approved by the Central Electricity Regulatory Commission (CERC) and are to be paid by the petitioner on the basis of calculations in the Regional Energy Account of WREB.

#### Commission's view

For approval of these charges, the Commission has considered the PGCIL transmission charges as submitted by the petitioner, however, transmission charges of GETCO has been computed based on the transmission tariff approved by the Commission in the GETCO's order for FY 2009-10 applied to net capacity allocated to PGVCL. The approved transmission charges payable to PGCIL and GETCO are as shown in the Table:

**Table 71: Revised Approved Transmission Charges for FY 2009-10**

(Rs Lakhs)

Transmission Charges of Utilities	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
GETCO Charges	29434	50939	32,598
PGCIL Charges	4309	10990	10,990
<b>Total Transmission Charges</b>	<b>33743</b>	<b>61929</b>	<b>43,588</b>

#### c. SLDC Fees and Charges

##### Petitioner's submission

The petitioner has proposed the SLDC Fees and Charges as proposed by SLDC in its petition for the FY 2009-10 which are Rs 329.74 / MW/Half Year and Rs 534.21 /MW/Month respectively. The petitioner has applied these charges on net capacity 3,706 MW. Total SLDC fees & Charges for petitioner is estimated at Rs.262 Lakhs.



**Commission's views**

The Commission has recomputed SLDC fees and Charges based as approved in SLDC's Order which are Rs 275/ MW/Half Year (considered for 6 months) and Rs 540 /MW/Month (considered for 3 months) respectively. These charges are been applied to net capacity of 3706 MW to calculate the Total SLDC Fees and Charges which is estimated at Rs 70 Lakhs

**d. Allocated GUVNL Cost based on gap / surplus of GUVNL****Petitioner's submission**

The petitioner has submitted that GUVNL, the holding company formed on unbundling of erstwhile GEB is entrusted with responsibility of overall coordination between its subsidiary companies. It also undertakes the function of raising and managing the overall loan portfolio of GUVNL and its subsidiaries. It is currently supplying power to bulk licensees namely Kandla Port Trust, Torrent Power Ltd's and Ahmedabad Distribution area and undertakes trading of surplus power of Gujarat discoms to optimize the power purchase cost. In view of the above, the revenue surplus / gap, if any, of GUVNL is allocated to the four Discoms.

**Table 72 : Revised Cost of GUVNL as submitted by PGVCL***(Rs Lakhs)*

<b>GUVNL Cost Allocation</b>	<b>Approved as per MYT order for FY 2009-10</b>	<b>Revised Estimates submitted by PGVCL for FY 2009-10</b>
<b>Revenue</b>		
Revenue from sale of power to AEC0 +SECo	76368	35176
Revenue from sale of power to KPT	569	958
Revenue from sale of power to Others	61264	50351
Revenue from trade of Discom's Surplus	25354	36441
Other Income	14603	15974
<b>Total Revenue from Sale of Power (A)</b>	<b>178158</b>	<b>138900</b>
<b>Expenditure</b>		
SLDC Fees & Charges	0	20
Power purchase cost as per PPA allocation	149459	89216
Average variable cost of Discom's surplus traded power	16801	21632
Employee Cost	1742	1577
Admin and General Expenses	1087	657



GUVNL Cost Allocation	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
Depreciation	862	93
Interest and Financial Charges	13123	21854
Share of E-Urja utilization charge	97	89
<b>Total Expenses (B)</b>	<b>183171</b>	<b>135138</b>
<b>Amount of Cost Allocation (C=B-A)</b>	<b>5013</b>	<b>(3761)</b>

**Approach adopted for estimation of surplus / gap of GUVNL & allocation**

This revenue surplus / gap is based on estimated Aggregate Revenue Requirement (ARR). The revenue from sales to bulk licensees and trading of surplus of energy from the discoms is deducted from the ARR to arrive at surplus/ gap. The surplus / gap is then allocated to the discoms on the basis of power purchase.

The petitioner has submitted that while projecting GUVNL's revenue for the FY 2009-10, existing GERC approved tariff for the three licensees has been considered. Pursuant to commissioning of TPL's Sugan CCPP, GUVNL is expected to discontinue power supply to Torrent Power Limited (TPL)'s Ahmedabad and Surat distribution areas from August 2009. In view of this, the projections for the number of units sold to TPL are based on capacity requirement only upto July 2009 and KPT for the entire year. The capacity retained by GUVNL for supply of power for TPL's Ahmedabad and Surat areas has been allocated to four Discoms from August 2009.

The petitioner has also submitted that as per the current projections of demand and supply, the four Discoms shall have some surplus of energy during FY 2009-10, although this surplus is likely to appear only in energy terms and not in MW terms i.e., the surplus is likely to be during off peak hours only. However, it has been assumed that 10% of the surplus being projected for a particular year shall be traded at marginal cost plus a Rs. 0.04 per unit trading margin. This has been included in the projections of GUVNL's expenses and revenues. Discoms would be able to recover some of the fixed cost they pay for their allocated capacity from the revenues from trading.

**Commission's View**

GUVNL is co-petitioner in the submission by the petitioner. The Commission has noted the roles played and activities undertaken by GUVNL in the power sector of



Gujarat. It has also noted the approach adopted by GUVNL in allocation of surplus / gap. The Commission's view on the projected revenues and expenditure of GUVNL and the petitioner's share of costs is analyzed below:

### **Projected Revenue of GUVNL**

The Commission has observed that the revenue from bulk licensees has been calculated by projecting the expected units to be sold to each one of them and the prices as per their respective PPAs. The Commission has also observed that sale to TPL-A and TPL-S has been assumed up to August 2009 (the incremental capacities available with GUVNL post August is allocated between the Discoms). The Commission has noted that sale to others comprise of the residual power left with GUVNL after supplying to the above parties with assumption of a margin of four (4) paisa over the respective costs of those units as the sale price of the units sold to others.

In order to estimate trading during the FY 2009-10, the Commission asked GUVNL to furnish detail with regards to the number of MUs traded by GUVNL during FY 2008-09 and it was found that the total MUs traded by GUVNL during FY 2008-09 was 988 MUs. These MUs are comparable to the projected surplus to be sold in FY 2009-10. Further, the Commission understand the uncertainty involved in estimation of surplus capacity with discoms and possibility of realization of sales and accordingly, the Commission agrees with the projections for FY 2009-10.

Considering the peak deficit faced by the state, the Commission accepts that the surplus is more likely to be during off peak hours; however, with the incremental capacities allocated to discoms after discontinuation of supply to TPL Surat and Ahmedabad, it is expected that there is a possibility of further opportunity to optimize net ARR through sale of surplus energy with discoms.

### **Projected Expenses of GUVNL**

GUVNL expenditure can broadly be divided into two parts i.e Operational expenses and E -Urja Charges. Operational expenses include Employee Cost of GUVNL employees, A&G expenses, Depreciation and Interest and finance charges.

It is observed that while employee expenses and Administrative & General (A&G) expenses have been reduced there has been a significant increase in Interest and Finance Charges. The Commission has noted that the petitioner has not submitted any reasons for increase in interest and financial charges. This being controllable expense the Commission has not taken a view in this order, but will be review during



the next tariff order. The approved GUVNL expenses for FY 2009-10 are presented below.

**Table 73: Revised Approved GUVNL Operational Expenses***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Employee Cost	1742	1577	1577
A&G expenses	1087	657	657
Depreciation	862	93	93
Interest and Finance Charges	13123	21854	21854

**e. E-Urja Cost****Petitioner's submission**

The petitioner has submitted that, GUVNL has taken the assets created for the end to end ERP solution namely E-Urja, which is expected to benefit all the erstwhile GEB successor entities on its books. Hence, the related costs such as depreciation, interest payment on the loans for the E-Urja project and the annual maintenance charges shall be allocated to the seven companies (including GUVNL) in the percentage of the number of licenses provided to each company for usage of the ERP package.

**Commission's views**

The Commission has observed that the benefits of E-Urja are accruing to all the entities and approved proportional share as submitted by PGVCL.

**Table 74: Revised Approved Cost E-Urja for FY 2009-10***(Rs Lakhs)*

Annual Recurring Charges	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Depreciation	2826	2834	2834
Interest Cost	2136	1678	1678





Annual Maintenance Charges	960	960	960
<b>Total Annual Expenditure</b>	<b>5923</b>	<b>5472</b>	<b>5472</b>
Percentage of total licenses with the Company	17.27%	17.27%	17.27%
Allocation to the Company	1023	945	945

**Summary of (Surplus) / gap of GUVNL****Table 75: Approved GUVNL Cost for the FY 2009-10***(Rs Lakhs)*

GUVNL Cost Allocation			
GUVNL Cost Allocation	Approved as per MYT order for FY 2009-10	Revised Estimates by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
<b>Revenue</b>			
Revenue from sale of power to TPL Surat and Ahmedabad	76368	35176	27168
Revenue from sale of power to KPT	569	958	820
Revenue from sale of power to Others	61264	50351	35348
Revenue from trade of Discom's Surplus	25354	36441	30167
Other Income	14603	15974	15974
<b>Total Revenue from Sale of Power (A)</b>	<b>178158</b>	<b>138900</b>	<b>109477</b>
<b>Expenditure</b>			
SLDC Fees & Charges	0	20	5
Power purchase cost as per PPA allocation	149459	89216	62391
Average variable cost of Discom's surplus traded power	16801	21632	16794
Employee Cost	1742	1577	1577
Admin and General Expenses	1087	657	657
Depreciation	862	93	93
Interest and Financial Charges	13123	21854	21854
Share of E-Urja utilization charge	97	89	89
<b>Total Expenses (B)</b>	<b>183171</b>	<b>135138</b>	<b>103460</b>
<b>Amount of Cost Allocation (C=B-A)</b>	<b>5013</b>	<b>(3761)</b>	<b>(6016)</b>



**GUVNL Cost Allocation**

The surplus shown in the table above is distributed among all the discoms in the ratio of MUs purchased. This surplus will lead to reduction in the power purchase cost of PGVCL as shown in the table below:

**Table 76: Sharing of GUVNL Cost /(Surplus)***(Rs Lakhs)*

GUVNL Cost Allocation	2009-10				
	PGVCL	UGVCL	MGVCL	DGVCL	Total
MUs Purchased	19251	14051	7281	10843	51426
% of Allocation	37.43%	27.32%	14.16%	21.08%	100%
GUVNL Cost Allocated to Discoms	(2,245)	(1,640)	(850)	(1,282)	(6,016)

**Summary of Total Power Purchase Cost**

The Commission's analysis of total power purchase cost is summarized in table below:

**Table 77: Revised Total Power Purchase Cost for FY 2009-10***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Power Purchase Cost through Merit Order	424362	460109	407,130
Transmission Costs to PGCIL & GETCO	33743	61929	43,588
GUVNL	1979	0	(2,245)
E-Urja Cost	1023	945	945
SLDC Fees & Charges	0	262	70
<b>Total Power Purchase Cost</b>	<b>461107</b>	<b>523245</b>	<b>449,488</b>

**4.4. O&M Expenditure**

Operation and Maintenance (O&M) expenditure comprises employee related Expenditure, Administrative and General (A&G) expenditure, and Repair and Maintenance (R&M) expenditure.

**a. Employee Expenses**

**Petitioner's submission**

PGVCL has projected revised expenses of Rs. 36963 Lakhs as compared to the approved expenses of Rs. 27270 Lakhs FY2009-10 in the MYT Order.

**Table 78: Employee Cost estimated by PGVCL for FY 2009-10***(Rs. Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
Employee Cost excluding treatment of Sixth Pay Commission	24320	26572
40% of component of Sixth Pay Commission for FY 2007-08 approved for payment in 2009-10	2950	2950
Employee Cost on account of provisions for sixth pay commission for FY 2009-10	0	7440
<b>Total Employee Cost Considered</b>	<b>27270</b>	<b>36963</b>

The petitioner submitted that the employee cost has been estimated considering trend of past year's employee cost, increase in dearness allowance and other expenses such as House Rent Allowance (HRA). Further, revised expenses also include increase in salary due to regular increments as well as promotions.

The petitioner has proposed an increase of 8% in employee cost for FY 2009-10. In addition to the above, the impact of the recovery on account of the Sixth Pay Commission recommendations for FY 2007-08 which were approved by the Hon'ble Commission for recovery in FY 2009-10 has also been considered as shown in above table.

**Commission's View**

As discussed in the earlier section 'Approach for ARR for the FY 2009-10, the Commission has not revised the controllable expenses for FY 2009-10. Accordingly, it has considered the employee expenses as approved in the MYT order. The approved employee expense for FY 2009-10 is shown below:

**Table 79 : Employee expenses approved by Commission for FY 2009-10***(Rs. Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Employee Cost excluding treatment of Sixth Pay Commission	24320	26572	24320
40% of component of Sixth Pay Commission for FY 2007-08 approved for payment in 2009-10	2950	2950	2950
Employee Cost on account of provisions for sixth pay commission for FY 2009-10	0	7440	0
<b>Total Employee Cost Considered</b>	<b>27270</b>	<b>36963</b>	<b>27270</b>

#### b. R&M Expenses

##### Petitioner's submission

The petitioner has revised the R&M expenses for FY 2009-10 to Rs. 8048 Lakhs. The same has been estimated by considering 10% increase on the provisional R&M expenses of FY 2008-09. The approved expenses as per the MYT Order for FY2009-10 were Rs. 9205 Lakhs.

**Table 80: R&M expenses estimated by PGVCL for FY 2009-10**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
Repair & Maintenance	9205	8048

##### Commission's View

The Commission has noted the reviewed projection as submitted by the Petitioner. However, since a major portion of the current year i.e. FY 2009-10 has already elapsed and the ARR petition for the FY 2010-11 is due, the Commission has not



revised the approved R & M expenses. The Commission's analysis of the R & M expenses is as given below:

**Table 81: R&M expenses approved by Commission for FY 2009-10**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Repair & Maintenance	9205	8048	9205

### c. Administration & General (A&G) Expenses

#### Petitioner's submission

PGVCL has revised the A&G expenses to Rs. 8049 Lakhs as compared to the approved expenses of Rs. 6179 Lakhs for FY2009-10 in the MYT Order.

**Table 82: A&G Expenses estimated by PGVCL for FY 2009-10**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
Administration & General Charges	6179	8049

#### Commission's View

The Commission has analyzed the submission by the petitioner. Further, the Commission has also noted that the petitioner has not provided any explanation for revision in A & G. Since these expenses are controllable in nature and a major portion of FY 2009-10 has already elapsed, the Commission has not revised the approved expenses. The Commission's analysis of the A & G expenses is as given in the table below:



Table 83: A&amp;G Expenses approved by Commission for FY 2009-10

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Administration & General Charges	6179	8049	6179

**Summary of O & M expenses**

The total O&M expenses approved by the Commission for FY 2009- 10 is summarised in the following Table:

Table 84: Revised Approved O&amp; M Expenses by Commission for FY 2009-10

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Employee Expenses	27270	36963	27270
Repair & Maintenance Costs	9205	8048	9205
Administration & General Charges	6179	8049	6179
<b>Total O&amp;M Expenses</b>	<b>42654</b>	<b>53061</b>	<b>42654</b>

**4.5. Capital Expenditure and Capitalization**

The capital expenditure as submitted by PGCVL is given in the table below:

Table 85: Capital Expenditure as submitted by PGVCL

(Rs Lakhs)

Sr. No.	Schemes	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
<b>A</b>	<b>Distribution Schemes</b>		



Sr. No.	Schemes	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
	Normal Development Scheme	10500	13000
	System Improvement Scheme	8000	8000
	Electrification of hutments	955	690
	kutir jyoti scheme	0	0
	Scheme for meters	5000	5000
	Others Harijan Basti		0
	<b>Total</b>	<b>24455</b>	<b>26690</b>
<b>B</b>	<b>Rural Electrification Schemes</b>		
	TASP (Wells and Petapara)		0
	Special Component plan	234	100
	Others Petapara		0
	RE Normal		0
	RE wells (DPB, Meter, Adivashi area, OA & SPA etc.		23863
	Dark Zone		0
	BADP	160	160
	<b>Total</b>	<b>394</b>	<b>24123</b>
<b>C</b>	<b>Others</b>		
	Energy Efficient Pump	1800	273
	Energy Conservation	10	5
	Independent certification agency	3	3
	<b>Total</b>	<b>1813</b>	<b>281</b>
<b>D</b>	<b>Non Plan Schemes</b>		
	RE Non Plan (Tatkal)		0
	APDRP		2000
	Primary School Electrification		490
	RGGVY	3500	3500
	DRUM		0
	<b>Total</b>	<b>3500</b>	<b>5990</b>
<b>E</b>	<b>Other New Schemes</b>		
	Civil Works	1000	1200
	Automatic PF control panels	1500	1000
	Ring Main Unit	0	0
	Aerial Bunch Conductors	1000	1000
	HVDS in selected sub-division	5000	10000
	Hand Held Instruments / Automatic meter reading	100	100



Sr. No.	Schemes	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
	GIS in cities	700	700
	JGY Load Shedding Transformers	100	100
	Fault Passage Indicator	70	0
	Other Schemes (General Schemes)		0
	Earthquake Rehabilitation		0
	Coastal area scheme		1900
	Replacement of Assets		0
	<b>Total</b>	<b>9470</b>	<b>16000</b>
<b>F</b>	<b>Golden Goal Scheme</b>		
	<b>Pending Agriculture Connections</b>	<b>49316</b>	
<b>G</b>	<b>Capital Expenditure Total</b>	<b>88948</b>	<b>73084</b>

### Petitioner's submission

The petitioner has submitted that all the schemes are in line with the schemes as approved by the Commission in the MYT Order. The only variation is change in capital expenditure against the Golden Goal Scheme which now stands withdrawn. Further, it submitted that similar activities (covered under Golden Goal Scheme) will be undertaken under the REC schemes under which it has estimated capital expenditure of Rs 23863 Lakhs. The revised capital expenditure for FY 2009-10 as submitted by PGVCL is Rs 73084 Lakhs.

**Table 86: Estimated Capital Expenditure for FY 2009-10**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
<b>Capital Expenditure</b>	88948	73084

### Commission's View

The Commission noted that while the overall capital expenditure is lower than the revised estimates there is significant variation in the expenditure proposed against





some of the schemes at the individual level. There are also some schemes proposed which were not approved by the Commission during the MYT order.

In the regulated business where the returns to the investors are linked to the equity invested in the business which in turn is linked to the existing asset base and assets added every year, steep increase in the asset base every year will have implication on the consumer through tariff. In view of this, all the capital expenditure needs to be prioritized and incurred considering cost benefit analysis and its impact on consumers.

For FY 2009-10, the Commission has considered the revised capital expenditure as submitted by PGVCL at Rs 73084 Lakhs. Further, it is assumed that the Utility would also be able to capitalize the same during the financial year.

**Table 87: Approved Capitalization by Commission for FY 2009-10**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Capital Expenditure	88948	73084	-
Capitalization	-	-	73084
Less : Consumer Contribution	17738	16056	16056
Grants	9439	3662	3662
<b>Balance CAPEX</b>	<b>61771</b>	<b>53365</b>	<b>53365</b>
Debt @ 70%	43240	37356	37356
Equity @ 30%	18531	16010	16010

#### 4.6. Depreciation

##### Petitioner's submission

The petitioner has considered Gross Fixed Assets & Depreciation for FY 2009-10 on the basis of actuals of FY 2008-09 as per the provisional accounts with the addition during FY 2009-10 on the basis of revised capital expenditure plan for FY 2009-10. The petitioner has further submitted that GERC regulations specify that the CERC rates have to be used for computation of depreciation. Therefore the petitioner has



revised the depreciation rates from 3.64% to 5.28% for FY 2009-10 in line with the new rates notified by CERC in the terms and conditions for tariff applicable for 2009 to 2014.

**Table 88: Depreciation for 2009-10 submitted by PGVCL**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
Gross Block in Beginning of the year	408412	371167
Additions during the Year (Net)	88948	73084
<b>Depreciation for the Year</b>	<b>16473</b>	<b>21530</b>
<b>Average Rate of Depreciation</b>	<b>3.64%</b>	<b>5.28%</b>

PGVCL has further submitted that GERC regulations specify that the CERC rates have to be used for computation of the depreciation therefore it has revised the depreciation rates from 3.64% to 5.28% for FY 2009-10 in line with the new rates notified by CERC.

#### Commission's View

The Commission, in its MYT Order, had considered depreciation expenditure of Rs 16743 Lakhs for FY 2009-10, which amounts to 3.64% of Opening level of Gross Fixed Assets (GFA) of PGVCL FY 2009-10. The closing GFA of the FY 2008-09 is considered as opening GFA for FY 2009-10 and the depreciation rates were considered as prescribed under GERC Tariff Regulations.

As explained in the earlier section 'Capital Expenditure and Capitalization', the net addition to assets implies the total amount capitalized by the utility and not the capital expenditure incurred during any financial year. The Commission has assumed that utility would be able to capitalize the capital expenditure as projected and accordingly approved the depreciation.

It may be noted that at the time of APR for FY 2009-10, the commission will consider the depreciation based on actual capitalisation during the entire year, subject to prudence check, for the purpose of sharing of gains / losses.



Table 89: Depreciation Approved by Commission for FY 2009-10

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Gross Block in Beginning of the year	408412	371167	376455
Additions during the Year (Net)	88948	73084	73084
<b>Depreciation for the Year</b>	<b>16473</b>	<b>21530</b>	<b>21809</b>
<b>Average Rate of Depreciation</b>	<b>3.64%</b>	<b>5.28%</b>	<b>5.28%</b>

#### 4.7. Interest Expenses

##### Petitioner's submission

PGVCL has projected revised interest expenses of Rs. 12087 Lakhs for FY 2009-10 as compared to the approved expenses of Rs. 15393 Lakhs in the MYT Order.

Table 90: Projected Interest Expenses for FY 2009-10

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
Opening Loans	147661	121515
Loan Additions during the Year	35826	37356
Repayment during the Year	14766	12151
Closing Loans	168721	146719
<b>Average Loans</b>	<b>158191</b>	<b>134117</b>
Interest on Loan	15819	13537
Interest in Security Deposit	1340	3314
Guarantee Charges	299	228
<b>Total Interest &amp; Financial Charges</b>	<b>17458</b>	<b>17078</b>



Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
Less: Interest on Working Capital		4991
<b>Net Interest &amp; Financial Charges</b>		<b>12087</b>

The Opening balance of Loan for FY 2009-10 is revised to Rs. 121,515 Lakhs as against Rs. 147,661 Lakhs, which is closing balance as per provisional numbers of FY 2008-09. The normative loan addition in FY 2009-10 is computed at Rs. 37,356 Lakhs as per the Capex funding plan discussed above. Repayment of loan has been computed assuming that 1/10<sup>th</sup> portion would be repaid in every Financial Year. The total repayment of existing and new loan during the year is computed at Rs. 12,151 Lakhs.

Security Deposit and Guarantee Charges have been assumed at the same level as the provisional figures of FY 2008-09. Further, Interest and Finance Charges considered above also has an element of Interest on Working Capital which is claimed separately on a normative basis, hence the same is deducted to arrive at the final interest charges.

### Commission's View

The Commission has taken note that Interest and Finance charges approved in MYT Order had an element of Interest on Working Capital which is claimed separately on normative basis. The petitioner, while claiming the Interest and Finance charges has deducted the Interest on Working Capital to avoid the double counting. However, the Commission feels that it is not a correct approach, rather than deducting Interest on Working capital from the total Interest and Finance charges the principal loan amount shall be segregated. Accordingly, the Commission has segregated the opening balance in proportion to the actual interest paid for capital expenditure and interest paid for financing working capital in FY 2008-09 as shown in table below:

**Table 91: Loan allocation based on Interest of Working Capital**

Particulars	Unit
Net Interest in FY 2008-09 (Rs Lakhs) #	10451
Actual Interest on Working Capital (Rs Lakhs)	5552
% of Loan Allocated for Working Capital	53%
% of Loan Allocated for Capital Expenditure	47%



# Net interest after debuting guarantee charges and interest on security deposit

The Commission has considered the interest rate of 10% as considered in MYT Order for estimating the interest cost for FY 2009-10. Further, Interest on Security Deposit and Guarantee charges has been considered as estimated by the petitioner. Approved Interest and Finance Charges after considering the above allocation has been tabulated below.

**Table 92: Interest & Financial Charges for FY 2009-10**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by DGVCL for FY 2009-10	Revised Approved for FY 2009-10
Opening Loans	147661	121515	113984
Opening Loans considered for Capital Expenditure	-	-	53429
Loan Additions during the Year	35826	37356	37356
Repayment during the Year	14766	12151	12151
Closing Loans	168721	146719	78633
<b>Average Loans</b>	<b>158191</b>	<b>134117</b>	<b>66031</b>
Interest on Loan	15819	13537	6603
Interest in Security Deposit	1340	3314	3314
Guarantee Charges	299	228	228
<b>Total Interest &amp; Financial Charges</b>	<b>17458</b>	<b>17078</b>	<b>10144</b>

#### 4.8. Interest on Working Capital

##### Petitioner's submission

The petitioner has estimated interest on a normative working capital in accordance with the GERC Tariff Regulations which works out to Rs. 7546 Lakhs. However, instead of considering Revenues for two months, revenues of the company for only



one month has been considered for projecting the total working capital during the FY 2009-10. The petitioner has computed the interest on working capital at current short-term prime lending rate of SBI i.e. 10.25% as shown below

**Table 93: Interest on Working Capital submitted by PGVCL**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
O & M expenses	3555	4422
Maintenance Spares	2746	3175
Receivables	45916	46911
<b>Total Working Capital</b>	<b>52217</b>	<b>54507</b>
Rate of Interest on Working Capital	10.25%	12.75%
<b>Interest on Working Capital</b>	<b>5352</b>	<b>6950</b>

PGVCL has further submitted that interest on working capital has been calculated based on the normative working methodology as specified by the Hon'ble Commission in its Terms and Conditions of Tariff Regulations. However, instead of considering Revenues for two months, revenues of the company for only one month has been considered for projecting the total working capital during the FY 2009-10.

### Commission's View

The Commission has estimated the working capital as per clause No. 66 of GERC terms and conditions of tariff and accordingly considered the Operation and maintenance expenses for one month; Maintenance spares @ 1% of the historical cost escalated @ 6% per annum from the date of commercial operation; and Receivables equivalent to one months of sales ( in line with the same proposed by the petitioner). Further, the estimation is based on the O & M, historical costs and sales as approved by the Commission in this tariff order.

According to Regulation 20 (v) (b), the Commission, in its MYT Order dated Jan 17, 2009 has taken the rate of interest on working capital equal to the short-term prime lending rate of SBI as on 01/04/2004, which was 10.25%.

The Commission has observed that while calculating the Interest on working capital based on the above provision PGVCL has considered receivables equivalent to one



month as submitted above. But instead of taking 1/12th of sales, PGVCL has calculated 1/12th of ARR. The Commission has corrected this error and have recomputed the normative interest on working capital at 10.25% as shown below

**Table 94: Interest on Working Capital for FY 2009-10***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
O & M expenses	3555	4422	3554
Maintenance Spares	2746	3175	3175
Receivables	45916	46911	35492
<b>Total Working Capital</b>	<b>52217</b>	<b>54507</b>	<b>42222</b>
Rate of Interest on Working Capital	10.25%	12.75%	10%
<b>Interest on Working Capital</b>	<b>5352</b>	<b>6950</b>	<b>4328</b>

#### 4.9. Provision for Bad Debts

PGVCL has estimated the provisioning for write-off of bad debts at 0.20% of the revenue from sale of power i.e Rs. 1086 Lakhs. The Commission has recomputed the bad debts at 0.20% of the revenue as shown in the table below:

**Table 95: Provision for Bad Debts***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Provision for Bad Debts	993	1068	852



**4.10. Other Expenses****Other Debits and Prior period expenses**

FY 2009-10 PGVCL has not projected any expenses in other debits and Prior Period expenses. As discussed above all the controllable expenses are considered as approved in the MYT Order dated Jan 17, 2009. Accordingly, the approved amount considered for the same is Rs 324 Lakhs and nil for other debits and Prior Period expenses respectively for FY 2009-10.

**Extraordinary Items**

For FY 2009-10, PGVCL has projected Rs 1 Lakh under the head Extraordinary Items. No amount was estimated under this head in MYT petition. Hence Commission has not considered the same. Accordingly, the approved amount in case of Extraordinary Items is nil for FY 2009-10.

**Other Expenses Capitalize**

PGVCL has estimated that expenses capitalized for FY 2009-10 would be at the same levels as that of FY 2008-09. The Commission has considered Expenses Capitalized as per the levels specified in the MYT Order. Accordingly, the approved amount in case of Other Expenses Capitalized is Rs 4772 Lakhs for 2009-10.

**Table 96: Other expenses for FY 2009-10***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Other Debits	340	0	340
Extraordinary Items	0	1	0
Net Prior Period Expenses / (Income)	0	0	0
Other expenses capitalized	(4772)	(10059)	(4772)
<b>Total Other Costs</b>	<b>(4432)</b>	<b>(10058)</b>	<b>(4432)</b>

**4.11. Return on Equity****Petitioner's submission**



PGVCL has submitted the revised estimate of Return on Equity for FY 2009-10 as Rs 15750 Lakhs. The return on equity has been computed @ 14% on average equity based upon the opening balance of equity and normative additions during the year, which has been arrived at by considering 30% of the capital expenditure net of consumer contribution and grants as funded from equity.

**Table 97: ROE for FY 2009-10 as submitted by PGVCL***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10
Opening Equity Capital	118231	104495
Equity Additions during the Year	18531	16010
Closing Equity	136762	120505
Average Equity	127497	112500
Rate of Return on the Equity	0	0
<b>Return on Equity</b>	<b>17850</b>	<b>15750</b>

**Commission's View**

The Commission has considered the opening equity as per the provisional accounts. For the purpose of equity addition during the year, the Commission has considered capitalised cost instead of capital expenditure as considered by the petitioner. The Commission has also deducted consumer contribution and Government grants to arrive at the normative equity portion of allowable capitalised cost. Return on Equity as approved by the Commission for FY 2009-10 is summarised in the following Table

**Table 98: ROE for FY 2009-10***(Rs in Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10



Opening Equity Capital	118231	104495	103922
Equity Additions during the Year	18531	16010	16010
Closing Equity	136762	120505	119931
Average Equity	127497	112500	111926
Rate of Return on the Equity	0	0	14.00%
<b>Return on Equity</b>	<b>17850</b>	<b>15750</b>	<b>15670</b>

#### 4.12. Taxes

##### Petitioner's submission

The petitioner has estimated that the income tax for FY 2009-10 is Rs 1995 Lakhs as against Rs 136 Lakhs as approved by the Commission in the MYT Order.

The petitioner has calculated tax considering applicability of Minimum Alternative Tax (MAT). Further, tax is calculated on the RoE as estimated by the petitioner. Additionally, Fringe Benefit Tax has been computed at 0.50% of the total employee cost for FY 2009-10.

##### Commission's View

Since taxes are considered to be pass through, the Commission has considered the tax amount as the same as approved in the MYT Order ie. Rs 136 Lakhs for the FY 2009-10.

Table 99: Taxes for FY 2009-10

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
<b>Provision for Tax / Tax Expenses</b>	136	1,955	136

#### 4.13. Aggregate Revenue Requirement for FY 2009-10

Based on analysis of each component discussed above, the Aggregate Revenue Requirement of PGVCL for FY 2009-10 as approved by the Commission in its MYT



Order, as estimated by PGVCL in the APR Petition and as approved by the Commission in this Order is given in the following Table:

**Table 100: Aggregate Revenue Requirement for FY 2009-10***(Rs Lakhs)*

Sr. No.	Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
1	Cost of Power Purchase	461107	523245	449488
2	Operation & Maintenance Expenses	42654	53061	42654
2.1	Employee Cost	27270	36963	27270
2.2	Repair & Maintenance	9205	8048	9205
2.3	Administration & General Charges	6179	8049	6179
3	Depreciation	16473	21530	21809
4	Interest & Finance Charges	17458	12087	10144
5	Interest on Working Capital	5352	6067	4328
6	Other Debits	340	0	340
7	Extraordinary Items	0	1	0
8	Provision for Bad Debts	993	1068	852
9	Net Prior Period Expenses / (Income)	0	0	0
10	Other Expenses Capitalized	(4772)	(10059)	(4772)
11	<b>Sub-Total [1+2 +(3 to 10)]</b>	<b>539605</b>	<b>606999</b>	<b>524843</b>
12	Return on Equity	17850	15750	15670
13	Provision for Tax / Tax Paid	136	1955	136
14	<b>Total Expenditure (11 to 13)</b>	<b>557591</b>	<b>624704</b>	<b>540649</b>
15	Less: Non-Tariff Income	6597	5636	6597
16	<b>Aggregate Revenue Requirement (14 - 15)</b>	<b>550994</b>	<b>619067</b>	<b>534052</b>



Sr. No.	Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
17	Revenue Gap in FY 2008-09 after treating losses due to Uncontrollable Factor (#)		13579	
18	Revised Aggregate Revenue Requirement (16 + 17)	550994	632646	534052

#. As explained in the earlier section, the gap of FY 2008-09 would be considered by the Commission during the tariff determination for FY 2010-11.

#### 4.14. Revenue from sale of power for FY 2009-10

##### Petitioner's submission

PGVCL has estimated category wise revenue based on the existing tariff which works out to Rs. 533,792 Lakhs for FY 2009-10. It includes the FPPPA charges at Rs 0.91/kWh.

##### Commission's View

The Commission has estimated revenue on the basis of the revised approved sales and at existing tariffs. The Commission has considered the FPPPA charges at 0.12/kWh as considered at the time of MYT Order. Further, incremental income from the new tariff category is not considered as the expected consumers which will fall in the new category would be marginal hence the revenue impact of the same would not be significant. The Commission's analysis of revenue from sale of power is as given below:

**Table 101: Projected Revenue for FY 2009-10**

(Rs Lakhs)

Revenue FY 2009-10
--------------------



	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
<b>LT Consumers</b>			
Residential	66865	87148	69,471
Commercial	39572	47546	40,934
Industrial LT	60481	67815	57,909
Public Water Works	2497	10127	7,871
Agriculture	46273	87127	47,654
Street Light	7013	2961	2,406
<b>LT Total</b>	<b>222699</b>	<b>302724</b>	<b>226,244</b>
<b>HT Consumers</b>			
Industrial HT	204600	231067	199,662
Railway Traction	0	0	-
<b>HT Total</b>	<b>204600</b>	<b>231067</b>	<b>199,662</b>
<b>TOTAL</b>	<b>427299</b>	<b>533792</b>	<b>425,905</b>

#### 4.15. Non-Tariff Income

Non-tariff income comprises of interest on loans & advances to employees / contractors, income from investments with Banks, Delayed Payment Surcharges from the Consumers etc.

##### Petitioner's submission

PGVCL has estimated Non-Tariff Income for FY 2009-10 by assuming 6% escalation over the provisional/final figures of FY 2008-09.

##### Commission's views

The Commission has noted the submissions by the petitioner. However, considerable time has elapsed for the FY 2009-10 and the time for submission of petition for FY 2010-11 (which includes revised estimation of FY 2009-10 based on audited numbers for FY 2008-09 ) is already due. In view of this, Commission has not accepted the non-tariff income as estimated by the petitioner.

**Table 102: Non-Tariff Income for FY 2009-10**



(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Net Other Income	6597	5636	6597

**4.16. Other Consumer related Income for FY 2009-10**

Revenue from Other Consumer Related Income comprises of revenue on account of charge imposed other than the basic charges applicable to the Consumers. These include income on account of meter rent, wheeling charges, Inspection charges and miscellaneous charges.

**Petitioner's submission**

PGVCL has estimated Other Consumer related Income for FY 2009-10 by escalating the provisional figures of FY 2008-09 by the average increase in number of consumers during FY 2009-10.

**Commission's views**

The methodology adopted by the petitioner is in line with the methodology adopted by the Commission in its MYT Order. Accordingly, the Commission has considered the Other Income for FY 2009-10 as submitted by the petitioner. The Commission's analysis of the consumer related income is given in the table below:

**Table 103: Consumer Related Income for FY 2009-10**

(Rs Lakhs)

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
Other Consumer related Income	11380	12145	12145



**4.17. Subsidy for FY 2009-10****Petitioner's submission**

PGVCL has submitted that it has assumed that the agricultural subsidy will continue to be received by the four Discoms i.e. MGVCL, PGVCL, UGVCL and DGVCL in proportion to their respective percentage share in agricultural consumption. Further, the petitioner has assumed the quantum of agricultural subsidy at the same level as last year i.e., Rs. 110000 Lakhs for the FY 2009-10. Apart from the above, the petitioner has submitted that PGVCL writes back 10% of its balance amount of consumer contribution and government grants every year and the same need to be added to the subsidy amount.

**Commission's views**

The Commission has studied the methodology adopted by the petitioner, has analyzed the quantum of subsidy as estimated by the petitioner and accordingly approves the subsidy as below:

**Table 104: Subsidy for FY 2009-10***(Rs Lakhs)*

Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
% Share in Unmetered Agriculture Sales	41.77%	37.36%	37.36%
Share of Agriculture Subsidy	45943	41100	41100
Other Subsidies (Write back of C.C. / Grants)	7596	7596	7596
<b>Total</b>	<b>53539</b>	<b>48696</b>	<b>48696</b>

**4.18. Total Revenue for FY 2009-10**

The total expected revenue of the company for the FY 2009-10 comprising of revenue from sale of power at existing tariff, other consumer related income, Agriculture Subsidy and other subsidies is summarised below:

**Table 105: Total Revenue for FY 2009-10***(Rs Lakhs)*

Sr. No.	Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
1	Revenue from sale of power at Current Tariff	427299	533792	425905
2	Other Income (Consumer related)	11380	12145	12145
3	Agriculture Subsidy	45943	41100	41100
4	Other Subsidies	7596	7596	7596
5	<b>Total Revenue including Subsidy (1 to 4)</b>	<b>492218</b>	<b>594633</b>	<b>486746</b>

**4.19. Estimated Revenue Gap for FY 2009-10**

Based on the above, the estimated revenue gap for FY 2009-10 at existing tariff is as outlined in the table below:

**Table 106: Estimated revenue gap during FY 2009-10***(Rs Lakhs)*

Sr. No.	Particulars	Approved as per MYT order for FY 2009-10	Revised Estimates submitted by PGVCL for FY 2009-10	Revised Approved for FY 2009-10
1	<b>Revised ARR</b>	<b>550994</b>	<b>632646</b>	<b>534052</b>
2	Revenue from sale of power at Current Tariff	427299	533792	425905
3	Other Income (Consumer related)	11380	12145	12145
4	<b>Total Revenue before Subsidy (2 + 3)</b>	<b>438679</b>	<b>545937</b>	<b>438050</b>
5	Agriculture Subsidy	45943	41100	41100
6	Other Subsidies	7596	7596	7596
7	<b>Total Revenue After Subsidy (4 to 6)</b>	<b>492218</b>	<b>594633</b>	<b>486746</b>
8	<b>Gap / (Surplus) (1 - 7)</b>	<b>58776</b>	<b>38013</b>	<b>47305</b>

The Commission also observes that a major portion of the second year (FY 2009-10) of the control period has elapsed and the date for submission of ARR petition for FY 2010-11 is due on 15<sup>th</sup> December 2009. Therefore, the Commission is of the opinion





that it shall address the computed gap/surplus in its next order when it considers the tariff determination for FY 2010-11. Hence the Commission directs the petitioner to continue to bill consumers at the existing tariffs and file its petition for tariff determination of FY 2010-11.



## 5. Compliance of Directives

The Commission in its multi-year tariff order dated 17th January 2009, for the control period FY 2008-09 to FY 2010-11 had issued various directives to PGVCL.

PGVCL has submitted the details of compliance of the Directives issued earlier.

The Commission's comments on the status of Compliance of the Directives by PGVCL are given below. The Commission has also given specific directives to the licensee wherever required.

### 5.1. Compliance of Existing Directives

#### Directive 1

##### **Purchase of Power from Renewable Energy Sources (RES)**

PGVCL is required to purchase power from renewable sources in accordance with the Regulations in force from time to time.

##### **Compliance**

PGVCL has stated that its renewable purchase obligation was 2% of its total consumption for the year FY 2008-09. Approved consumption of PGVCL for the year FY 2008-09 was 12250 MUs and therefore, the Renewable Purchase Obligation (RPO) was 245 MUs against which PGVCL purchased 471 MUs. Thus, PGVCL has met its RPO.

##### **Commission's comments**

The Commission notes the fulfilment of the RPO obligation by the petitioner

#### Directive 2

##### **Timely Meter Reading and Billing**

There is a need for timely reading of meter promptly on the due date so that slab overlap does not put the consumer to loss. The licensee is required to provide relevant consumer related information on the spare space in the bill or along with the bill.

##### **Compliance:**



PGVCL has replied stating that it endeavours to adhere to the billing periodicity. Except for the three-phase consumers, all L.T. category consumers are billed bi-monthly and the consumption slabs are adjusted accordingly.

PGVCL has already introduced billing through handheld instruments in selected areas. At present more than six Lakh consumers are billed through handheld instruments. Additionally, about 9.25 Lakh consumers in some of the urban areas are billed through outsourced handheld equipments only. Thus, out of about 32.5 Lakh metered consumers more than 15 Lakh are billed through handheld Instruments. This has largely eliminated human errors and has increased billing efficiency and accuracy. PGVCL has also planned to provide handheld equipments to all meter readers.

Further, 1710 High Tension consumers out of 2188 consumers and 245 high valued (Seasonal/High Consumption) LT consumers have been provided with Automatic Meter Reading facility. This has resulted in accurate and timely billing of important consumers besides saving in time and certain expenses.

Consumer related information is being furnished on the back of the bill. Tariff related information and other relevant information related to payment of the bills are already being indicated on the back of bill.

#### **Commission's comments**

The Commission is of the view that providing handheld instruments alone will not solve the problem of delayed reading if the meter reader himself does not check the meters on time. There need to be proper processes and procedures in place so that meter readers read the meters on time. In this regard the Commission has issued a fresh directive to PGVCL.

The compliance related to display of consumer related information on the bill is noted.

#### **Directive 3**

##### **Consumption by agricultural pump sets**

A realistic consumption by agricultural pump-sets could be obtained only by providing meters at distribution transformers and properly noting LT losses on the LT network below distribution transformers. The progress on this is very poor. Only 4867



transformers are metered out of the target of 71644 transformers. The metering of distribution transformers should be expedited.

Wherever meters are provided at the distribution transformers, the consumption by the pump sets under these transformers may be assessed and furnished to the Commission by reading the meters regularly. A report for the year 2008-09 may be furnished by May 2009.

**Compliance:**

PGVCL has replied that it is a fast growing company. The growth in agricultural sector has been higher than 5% on year on year basis while in terms of load, the growth rate has been more than 7%. PGVCL has decided to implement High Voltage Distribution System particularly while releasing new agricultural connections. Therefore, the transformer population of agricultural category has also increased and has crossed one Lakh.

Up till now, PGVCL has installed about 6500 meters on agricultural category transformers. A comprehensive report on reading of meters shall be submitted to the Commission separately.

It is further added that M/s Feedback Ventures Limited has been engaged for studying the consumption of agricultural pump set of all four Distribution Companies. Additionally, M/s TERI has also been entrusted a similar work by FOIR for PGVCL.

PGVCL has planned to provide meters at all Distribution Transformer Centers by December 2010.

**Commission's comments**

The Commission notes that PGVCL has been able to meter only 6500 agricultural transformers out of a total of 71644. Thus the progress on the same is very poor. PGVCL should expedite the metering process and complete the same by December 2010.

Further, PGVCL is directed to undertake a compressive study to obtain a realistic assessment of consumption of agriculture pumps. PGVCL, before commencing the study, shall share the detailed approach and methodology with the Commission and take its approval on the same.

**Directive 4**

**Energy Audit**

PGVCL shall intensify the energy audit in urban areas where there is scope for reduction and the results could be obtained quickly. The loss reduction in Bhavanagar and Rajkot is very marginal. Even without GIS, Energy Audit has given good results elsewhere. Considering distribution transformers and the services fed by transformers, the company shall take up Energy Audit in all urban areas without waiting for GIS.

**Compliance:**

Feeder wise energy audit has already been carried out by the Company,

The technical and commercial loss is segregated from the total loss and reported to various authorities. Based on consumers catered by the feeders, feeder category is created and category wise loss is also worked out. For example feeders catering to urban areas are segregated from total feeders and, thereby, urban loss is worked out. PGVCL is installing meters on Agriculture Transformer Centers as well as on other category transformers. On other than agricultural category, 66% transformer centers have been provided with the meter while in agricultural category, 6.5% transformers have been provided with meters.

PGVCL has initiated Energy Audit, particularly in urban areas. However, looking at the quantum of work and number of consumers, it is difficult for it to take the full advantage of Energy Audit without IT support. PGVCL has taken up work on hand, as a pilot project, in one of the urban sub-divisions under an e-urja system; the final outcome of the pilot project shall be analyzed and shall be applied to other sub-divisions also.

**Commission's comments**

The Commission has noted that progress on the Energy Audit of urban areas is slow and needs to be expedited. The results of the pilot project need to be quickly analyzed and applied to all other sub-divisions.

**Directive 5****Distribution losses**

Though losses during FY 2006-07 are considerably reduced, the same level of achievement is not there during FY 2007-08. PGVCL shall concentrate on changing all old electro magnetic meters with static meters, which will give good results. At the



same time, it shall concentrate on curbing theft/ pilferage of energy. The company shall draw out a programme to reduce the losses upto 15%.

**Compliance**

PGVCL has stated that it takes various steps, narrated as under, for reduction of distribution losses. It makes all out efforts for reduction of distribution losses and ensures that the loss reduction trajectory as approved by the Commission is followed, thus endeavouring to achieve, at least, the approved distribution loss level at the end of the control period. PGVCL has proposed the capital expenditure accordingly.

Technical loss reduction activities:

- Providing Coated Conductor in theft prone area and replacement of deteriorated conductor with optimum size.
- Bifurcation of feeders
- Proper maintenance i. e. removal of joints/ crossings and rejumping etc.
- Installations of APFC panels.
- Installation of Amorphous Transformer.
- Lowering of LT/HT ratio through HVDS.

Commercial loss reduction activities:

- Replacement of all conventional three-phase meters by static meters. 21300 three-phase meters have been replaced during FY 2008-09.
- Replacement of single-phase meters by high quality/static meters. 2.64 Lakh single-phase meters have been replaced during FY 2008-09.
- Enhanced vigilance activity. Creation of Checking Squad upto Divisional Level. Separate Checking squads for High Tension Consumers. More than 9 Lakh consumers' installations were checked during FY 2008-09.
- Review of Consumers having zero and low consumption.
- Frequent reading of heavy consumption/seasonal consumers.
- Providing Automatic Meter Reading Facility to HT Consumers and high valued (Seasonal/ High Consumption) LT consumers. 1710 High Tension Consumers have been provided with Automatic Meter Reading facility and 245 high valued Low Tension Consumers have been provided with Automatic Meter Reading facility.
- Providing MMB & sealing of single-phase consumers. More than 2.92 Lakh single-phase consumers and 24338 three-phase consumers have been provided with the Meter Box.



- Maximizing the release of new connection particularly in the rural areas for reducing loss of JGY feeders. Company has released 1.78 Lakh new lighting connections besides other category connections.
- Providing of insulated/Aerial bunch conductor in theft prone area.

### Commission's comments

The Commission notes the meter replacement drive undertaken by PGVCL and its efforts towards reduction of theft / pilferage. However, the scope of such loss reduction activities is still narrow. Consequently PGVCL has not been able to reduce distribution loss for FY 2008-09 to the extent specified in the MYT order. In this regard the Commission has provided a fresh directive to PGVCL with regards to chalking out a comprehensive loss reduction program.

### Directive 6

#### Jyotigram feeder loss

Jyotigram is a laudable scheme. All possible measures such as providing Aerial bunched cables, implementing high voltage distribution, curbing tapping of lines, replacement of old meters, etc. shall be undertaken in a planned manner to reduce loss.

### Compliance

JGY Category loss has large contribution in overall loss of PGVCL and, therefore, reduction in JGY Losses is the prime task of PGVCL. It has taken up this task in a phased manner, whereby, high loss feeders have been assigned to various officers for close monitoring. Due to enhanced vigilance activity and intensive efforts JGY category losses have reduced by more than 5% during the year FY 2008-09.

Distribution Loss of JGY Category for the years FY 2007-08 and FY 2008-09 are as under.

No.	Year	Unit sent out [MUs]	Unit sold out [MUs]	% Loss
1	FY 2007-08	3248.89	1099.90	65.84
2	FY 2008-09	3333.16	1334.69	59.70

Following activities have been undertaken for reduction of losses of selected JGY feeders in FY 2008-09:



No.	Activities Carried out		Phase - 1	Phase - 2	Total
	Nos of Feeder	Nos	176	213	389
1	No of Village	Nos	1571	1614	3185
2	11kv Crossing removal	Nos	2333	2707	5040
3	Meter provided on No of T/C	Nos	4682	4813	9495
4	Old/defective	1ph	114428	121600	236028
5	Meter replacement	3ph	2644	2096	4740
6	MMB	1ph	104131	115508	219639
7	Provided	3ph	1866	1737	3603
8	Sealing done	1ph	142196	148847	291043
9		3ph	2709	2223.15	4932.15
10	Coated Conductor to be provided in LT line		3438.18	4673.133	8111.313
11	1 ph 2 w / 3 w LT line to be provided where no 3ph connection		350.35	453.1	803.45
12	Deaaugmentation of Village Transformer		990	714	1704
13	Nos of Drive carried out		1961	1614	3575
14	Details of Application Received for new Connection		50650	35446	86096
15	Nos. of connection released		49848	33539	83387

**Commission's comments**

The Commission has taken note of the various activities carried out by PGVCL to curb JGY losses. However, the Commission is concerned that the loss level is still very high at almost 60%. The Commission directs PGVCL to target an annual reduction of at least 10% in the loss level.

**Directive 7****Effective metering, billing and revenue collection**

Action taken is noted on replacing old meters with static meters. Handheld meter reading instruments shall be introduced, if not already done, to take meter readings, generate bills and deliver to the consumer on the spot. This will eliminate human errors to some extent and also improve revenue realization. Spot billing with handheld machines is to be implemented. A report may be submitted to the Commission by June 2009.

**Compliance**



Replacement of existing Electro Magnetic meters by high precision quality meters have been taken up from the year FY 2003-04. From the year FY 2004-05, new connections are released by installing quality/static meters on such installations.

Sr. No.	Name of Circle	No. of conventional meters replaced by static / quality meters in FY:				
		2005-06	2006-07	2007-08	2008-09	Total up to 2009.
1	Rajkot City	19345	5531	12071	12737	49684
2	Rajkot Rural	18943	20703	42483	34775	116905
3	Porbandar	13134	18642	30709	30093	92577
4	Jamnagar	14294	17321	31893	45651	109159
5	Bhuj	11122	10257	22679	16329	60387
6	Junagadh	13554	17382	28942	31650	91528
7	Bhavnagar	12040	16720	25398	49390	103548
8	Amreli	7899	21219	56384	41577	127080
9	Surendranagar	11991	10645	18208	22292	63137
	PGVCL Total	122323	138421	268767	284494	814005

PGVCL has further planned for replacement of meters as shown below.

Planning for the replacement of the meters by static /quality meters			
Sr. No.	Name of Circle	FY 2009-10.	FY 2010-11.
1	Rajkot City	13374	14310
2	Rajkot Rural	36514	39070
3	Porbandar	31598	33809
4	Jamnagar	47934	51289
5	Bhuj	17145	18346
6	Junagadh	33233	35559
7	Bhavnagar	51860	55490
8	Amreli	43656	46712



Planning for the replacement of the meters by static /quality meters			
Sr. No.	Name of Circle	FY 2009-10.	FY 2010-11.
9	Surendranagar	23407	25045
	PGVCL Total	298719	319629

PGVCL has already introduced billing through handheld instruments in selected areas. At present more than six Lakh consumers are billed through handheld instruments. Additionally, about 9.25 Lakh consumers in some of the urban areas are billed through outsourced handheld equipments only. Thus, out of about 32.5 Lakh metered consumers more than 15 Lakh are billed through handheld Instruments. This has largely eliminated human errors and has increased billing efficiency and accuracy. PGVCL has also planned to provide handheld equipments to all meter readers.

Further, 1710 High Tension consumers out of 2188 consumers and 245 high valued (Seasonal/High Consumption) LT consumers have been provided with Automatic Meter Reading facility. This has resulted in accurate and timely billing of important consumers besides saving in time and certain expenses.

Consumer related information is being furnished on the back of the bill. Tariff related information and other relevant information related to payment of the bills are already being indicated on the back of bill.

#### **Commission's comments**

The compliance by PGVCL on this directive is noted.

#### **Directive 8**

##### **Consumer Services**

Action taken is noted. Working of consumer forums needs to be substantially improved.

##### **Compliance**

Three Consumer Grievances Redressal Forums are functioning under PGVCL. In each of the Forums, an Independent Member has been nominated by the



Commission. At the end of every quarter a report has been submitted to the Commission by all three forums.

### Commission's comments

The compliance by PGVCL on this directive is noted.

### Directive 9

#### Cent percent metering

Consumers may be convinced on the need for energy accounting by the utility and providing metering for balance un-metered services may be expedited.

### Compliance

Status of metering at various levels is given here under.

No.	Description	% Completed
1	11KV/22 KV Feeders	100
2	Distribution Transformer on agriculture dominant feeders	6.54
3	Distribution Transformer on other than agriculture dominant feeders	66.32
4	Individual Consumers other than agriculture consumer	100
5	Agriculture consumers (Metered Consumers / Total Consumers)	36

PGVCL is educating consumers on the issue of providing meters at presently unmetered agricultural installations since the large quantum work is being resisted by organizations such as Kishan Sangh. At the same time PGVCL has started processing of pending agricultural applications expeditiously and with the enhanced targets. All new connections are released with meters and thereby PGVCL is increasing its metering ratio.

### Commission's comments

The Commission has noted the poor progress on metering of agricultural consumers. 100% metering is crucial for proper energy accounting, determination of exact cost of supply and determination of subsidy. The Commission directs PGVCL to improve the rate of metering of agricultural consumers.



**Directive 10****Business Plan**

Preparation of Business Plan including techno-economic justifications of the proposed schemes shall be expedited.

**Compliance**

PGVCL has finalized a comprehensive scope for the preparation of a Strategic Long-Term Business Plan which was entrusted to M/s.Crisil Infrastructure Advisory in January 2008. M/s.Crisil Infrastructure Advisory recently submitted (in June-2009) a draft report incorporating accounts of FY 2007-08. The copy of the same will be furnished to the Commission separately.

**Commission's comments**

The compliance by PGVCL on this directive is noted.

**Directive 11****Introduction of MYT**

The Commission has directed that PGVCL shall finalize the Business Plan and relevant data required for preparation of filing of ARR for 2008-09 for implementation of MYT. The MYT filing for the control period FY 2008-09 to FY 2010-2011 is delayed. Review petition on annual performance should be filed in time.

**Compliance**

Based on PGVCL request, the Commission had extended the time limit for filing of Annual Performance Review Petition upto 30.06.2009. However, due to unforeseen circumstances, the same could not be filed by the extended timeframe. PGVCL requests the Commission to condone this delay in the filing.

**Commission's comments**

The Commission has taken a very serious view of the delay in submission of the petition. The Commission is of the view that for future submissions the petitioner should file the petition within the stipulated time frame. In this regard the Commission



is of the opinion that for the FY 2010-11, the petitioner should submit its petition within the permissible time frame as provided under the regulations.

In regard to the delay in submission of the current petition the Commission is of the view that since prior permission had been obtained for extension in timelines, the petition shall be considered within the applicable regulatory framework.

### **Directive 12**

#### **Allocation of PPAs**

The allocation of PPAs shall be firmed up at the earliest.

#### **Compliance**

As submitted in the MYT filing, the PPA allocation is reviewed from time to time by GUVNL and the four government discoms. It is a dynamic activity in view of the fact that the consumer mix, load growth and revenue realization is different from discom to discom and varies from year to year. Further, with the volatility of the fuel prices seen in the markets, firm allocation of PPA's to the discoms will put the discoms to the risk of very high power purchase expenses. Accordingly, to maintain parity of revenues among the discoms, PPAs have to be reallocated periodically as the energy requirements and the load profile of companies keeps differing. The issue of cross subsidy amongst the discoms is being addressed, at present, through PPA reallocation so as to maintain uniform retail tariff. We may have to continue this exercise unless the Commission addresses the issue of cross subsidy amongst various discoms through some other methodology. Accordingly, PPAs have been reallocated while preparing the Tariff Petition for FY 2009-10 based on the actual allocation in FY 2008-09 as per the provisional accounts.

#### **Commission's comments**

The utilities are directed to firm up the allocation of PPAs.

### **Directive 13**

#### **Distribution Transformer Failures**

The distribution transformers failure rate is still high. Efforts should be made to bring down the transformer failures to less than 10%.



**Compliance**

PGVCL is taking all possible measures to reduce the Distribution Transformer Failure rate by way of stringent maintenance, reviewing loading of existing Distribution Transformer Center under System Improvement Scheme, etc. Additionally, PGVCL has adopted a High Voltage Distribution System particularly for new agricultural consumers which will further reduce the Transformer failure rate.

Year-wise Transformer Failure rate is given below for last three years.

Year	Total nos. of Transformers	Nos. of failed Transformers	% failure
FY 2006-07	113451	27429	24.18
FY 2007-08	127226	27430	21.56
FY 2008-09	148127	29317	19.79

**Commission's comments**

The Commission notes that the failure rate is still very high and PGVCL has not been able to meet the target of less than 10% failure rate. The Commission directs PGVCL to step up efforts to reduce the failure rate.

**5.2. Fresh Directives****Directive 1**

PGVCL shall provide details of the internal processes and procedures which are put in place to ensure that meter readers read the meters on time. It shall also provide the details of the process taken to correct the discrepancies if found any.

**Directive 2**

PGVCL shall provide a comprehensive loss reduction program along with definite timelines aimed at reducing commercial and technical losses. The scope of such a program needs to be wide enough to ensure substantial loss reduction. Special emphasis shall be given in reducing JGY feeder losses.

**Directive 3**

PGVCL is henceforth directed to submit in advance, the number of old meters it plans to replace in every ARR petition. Subsequently in the APR petition for that year, it shall also submit the details of actual meters replaced vis-à-vis the target.

**Directive 4**

PGVCL is directed to submit details of number of theft cases reported and status of penal action taken in its petition. Further, it shall also submit the total amount recovered from such consumers.

**Directive 5**

PGVCL is directed to submit all financial figures in its future ARR and APR petitions in units of rupees crores.



## 6. Fuel and Power Purchase Cost Adjustment

### Submission by Petitioner

The Commission has allowed Discoms to claim the increase in the fuel price and power purchase cost according to the approved formula for any increase in Fuel Price and Power Purchase cost (FPPPA) from its customers. The formula approved by the Commission for the calculation of FPPPA charges is reproduced below.

$$\text{FPPPA} = [\text{F}_{\text{OG}} + \text{PPP}_1 + \text{PPP}_2] / [\text{S.E.}]$$

Where,

<b>F<sub>OG</sub></b>	Adjustment on account of variations in delivered cost of Fuel at GEB's (now GSECL) Thermal Power Stations Rs. Millions
<b>PPP<sub>1</sub></b>	Adjustment on account of variable cost of power purchased in Rs. Millions
<b>PPP<sub>2</sub></b>	Adjustment on account of fixed cost of power purchased in Rs. Millions
<b>SE</b>	Saleable Energy in Million Units

PGVCL has submitted that the above formula does not take into account the impact of variation in the fixed cost of GSECL Station which has significantly large impact on power purchase cost. Further, it expects that the GSECL's new plants coming in next few years will have additional impact. To incorporate the effect of above factors, it has suggested the following modification in the FPPPA formula.

**In case of GSECL plants, for claiming the increase in the fuel costs, the existing formula approved by the Commission should be retained to calculate the Fuel price adjustment on account of fuel price increase of GSECL Plants as reproduced below**

$$\text{FOG} = \sum_{n=1}^k [(H_B \times \text{OGD}_A) \times (\text{Fuel } C_A - \text{Fuel } C_B)]$$

Where,

<b>F<sub>OG</sub></b>	Adjustment on account of variations in delivered cost of Fuel at GSECL's Thermal Power Stations Rs. in millions
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N	1 to k, the thermal power stations in GSECL.
OGD <sub>A</sub>	is the actual level of delivered energy at the bus bar (net generation) from GSECL's thermal plants in million units during the FY 2009-10.
H <sub>B</sub>	is the base station heat rate in K.Cal./ Kwh calculated on the net output using permitted auxiliary consumption
FuelC <sub>A</sub>	is the new landed price of fuel at relevant GSECL's generating stations, expressed in Rs. / Kcal calculated after allowing only statutory / notified increases (or decreases) in the price of fuel/railway freight, taxes and duties on fuel as well as fuel price increase by the central/state Government PSUs.
FuelC <sub>B</sub>	is the base landed price of fuel at relevant GSECL's generating stations, expressed in Rs. / Kcal calculated using the base data. This parameter is constant (frozen) for the various quarters (periods) for which increases in fuel prices is being permitted.

**And to capture the impact of variation of fixed cost from the approved base values by the Hon'ble Commission an additional component for recovery of the variation in fixed cost of GSECL plants from the approved fixed cost (hereinafter called as "PPP<sub>2G</sub>") shall be introduced as shown below**

$$FPPPA = [F_{OG} + PPP_{2G} + PPP_1 + PPP_2] / [S.E.]$$

Where,

<b>F<sub>OG</sub></b>	Adjustment on account of variations in delivered cost of Fuel at GEB's (now GSECL) Thermal Power Stations Rs. Millions
<b>PPP<sub>2G</sub></b>	Adjustment on account of fixed cost of power purchased from GSECL station in Rs. Millions
<b>PPP<sub>1</sub></b>	Adjustment on account of variable cost of power purchased in Rs. Millions
<b>PPP<sub>2</sub></b>	Adjustment on account of fixed cost of power purchased in Rs. Millions
<b>SE</b>	Saleable Energy in Million Units

#### **Commission's view:**

The Commission has taken note of the submission. The Commission does not envisage any change in the FPPA formula at this juncture. The Commission may consider the same during the next control period.



**Base Power Purchase Prices for Calculation of FPPPA for FY 2009-10**

As substantial part of the financial year is already over for calculation of FPPPA for FY 2009-10, the base rates approved vide multi-year tariff order dated 17th January, 2009 will be considered as indicated in the table below. Further, FPPPA be recovered in the form of fuel and power purchase adjustment charge for every unit of the energy consumption and will be forming a part of the energy bill to be served on monthly/bimonthly or any other periodical basis. The implementation and application of the formula and all other terms shall continue to be as per the Commission's earlier orders.

**Table 107: Base Power Purchase Prices for Calculation of FPPPA for FY 2009-10**

Sr. No.	Power Stations	Capacity (MW)	Fixed Cost (Rs. Lakhs)	Energy Purchase (MU)	Variable Cost (Rs/Kwh)
	<b>GSECL</b>				
1	Ukai TPS	850	26973	4,879	1.5
2	Ukai Hydro	305	2806	637	0
3	Gandhinagar I to IV	660	27946	3,340	1.75
4	Gandhinagar V	210	9631	1,540	1.47
5	Wanakbori I to VI	1260	40126	8,538	1.73
6	Wanakbori VII	210	9334	1,540	1.64
7	Sikka TPS	240	11679	1,408	1.99
8	Kutch Lignite I to III	215	17452	1,190	1.07
9	Kutch Lignite IV	75	6229	461	0.980
10	Dhuvaran oil	220	7797	1,313	3.760
11	Kadana Hydro	242	6863	190	0.000
12	Utran Gas Based	135	5890	1,044	2.160
13	Dhuvaran Gas Based - Stage-I	107	5636	815	2.210
14	Dhuvaran Gas Based - Stage-II	112	7912	860	2.220
15	Utran Extension	374	14239	-	1.860
16	Sikka Extension	-	0	-	0.000
	<b>Total of GSECL Plants</b>	<b>4,841</b>	<b>200,513</b>	<b>27,755</b>	
	<b>IPPs</b>				
17	ESSAR	300	11,106	1,224	2.01
18	GPEC	655	45,919	2,556	2.47
19	GIPCL II (160)	160	5,136	953	1.72



Sr. No.	Power Stations	Capacity (MW)	Fixed Cost (Rs. Lakhs)	Energy Purchase (MU)	Variable Cost (Rs/Kwh)
20	GIPCL-SLPP	250	18,071	1,577	0.95
21	GSEG	156.1	11,522	722	1.48
22	GIPCL - I (145)	41.6	922	0	2.17
23	GMDC - Akrimota	250	23,841	1,388	0.61
24	GSEG Expansion	350	957	18	2.12
25	GIPCL, Expansion	250	17,520	1,377	1.75
26	GSPC-Pipavav	360	986	23	2.12
	<b>Total of IPPs</b>	<b>2,773</b>	<b>135,980</b>	<b>9,838</b>	
	<b>Share from Central Sector</b>				
27	NPC - Tarapur- 1&2	160	0	1,010	0.94
28	NPC - Kakrapar	125	0	803	2.03
29	NPC - Tarapur- 3&4	274	0	1,822	2.73
30	NTPC - KORBA	360	9,014	2,474	0.57
31	NTPC - VINDHYACHAL - I	230	7,464	1,575	1.03
32	NTPC - VINDHYACHAL - II	239	10,733	1,636	0.98
33	NTPC - VINDHYACHAL - III	266	11,982	1,908	0.940001
34	NTPC - KAWAS	187	10,417	350	3.09
35	NTPC - JHANOR	237	11,965	1,544	1.73001
36	NTPC - Kahalgaon	166	10,005	1,076	1.21
37	NTPC - Sipat Stage - II	273	0	1,769	0.54
38	SSNNL - Hydro	231	0	288	2.05
39	NTPC Kahalgaon (New)	260	18,221	1,264	1.7
40	NTPC North Karanpura	77	5,396	375	1.700001
41	Sipat Stage-I	540	37,843	3,500	1.700002
	<b>Total from central Sector</b>	<b>3,625</b>	<b>133,040</b>	<b>21,394</b>	

OTHERS		MU		Variable Cost (Rs/Kwh)
Reliance Industries LTD. Naroda		161.49	105	2.34
United Phosphorous LTD. Jhagadia		0.00	0	0.00
Gujarat Alkalis & Chemical LTD. Baruch		53.76	35	1.97
ONGC Anlkeshwar		44.04	23	1.90



ONGC, Hazira		15.85	5	1.90
Adani Exports (Philips Carbon)		54.24	16	2.00
Arvind Mills LTD		0.00	0	0.00
<b>Wind Farms</b>	<b>Capacity (MW)</b>	<b>Fixed Cost (Rs. Lakhs)</b>	<b>Energy Purchase (MU)</b>	<b>Variable Cost (Rs/Kwh)</b>
Wind Farms (Old Policy)	24	24	48	1.75
Wind Farms (New Policy)	700.5	0	1227	3.37
<b>Bagasse Plants</b>				
Bagasse	15.9	15.9	98	3
<b>Competitive Bidding</b>				
APPL	1000	91209	6482	1.479
Aryan	200	21866	519	0.2084



## 7. Tariff Philosophy and Category-Wise Tariffs

### 7.1. Open Access- Transmission Charges, Wheeling Charges and Cross Subsidy Surcharge

As major portion of the FY 2009-10 has already elapsed, the Commission has decided to continue with the existing Open Access- Transmission Charges, Wheeling Charges and Cross Subsidy Surcharge. The Commission will review the same during the APR and Tariff Determination process of FY 2010-11.

### 7.2. Impact of Electricity Duty

An issue was raised before the Commission related to levy of Electricity Duty which is levied in the State on tariff payable by Consumers including the FPPPA. It was pointed out that any increase in the power bills due to increase in FPPPA puts an additional burden on Consumer due to compounding effect of *ad-valorem* structure of Electricity Duty. Several representations were made to the Commission to change the above structure of Electricity Duty.

It must be noted that imposition of Electricity Duty is the prerogative of the Government. The Commission, therefore, has no direct jurisdiction to deal with this matter. However, in view of the public concerns on the issue the Commission requested Additional Secretary, Finance Department Government of Gujarat to represent the State Government in the public hearing. In response to the above it was submitted by the Additional Secretary that Electricity Duty has been rationalised over a period of time. It has been reduced from its peak of 60% to current maximum limit of 25% which translates into a reduction of Rs 1000 Cr of Electricity Duty.

It was further clarified by Finance Department that Electricity Duty is dealt with by Energy and Petrochemicals Department and this issue needs to be examined by the said department. Only after it receives official communication from Energy and Petrochemicals Department, it would be able to announce any change in the current structure.

The Commission feels that the system of *ad-valorem* duty makes the impact of any tariff increase compound even further. Due to the current *ad-valorem* structure of Electricity Duty its impact on the net tariff payable by Consumers in the State of



Gujarat is on a higher side when compared to other States. In effect, even though the Commission may not allow any increase in the retail tariff, any increase in FPPPA charges is compounded by *ad-valorem* nature of the Electricity Duty.

The Commission is of the view that the duty structure needs to be rationalised. The Commission hopes that the Government will, as it was indicated during the public hearing, review the current structure and rationalize it so that the rate of duty becomes reasonable, stable and predictable.

### **7.3. Proposal of PGVCL for structural changes in tariff categories**

PGVCL in its tariff petition has not proposed any tariff hike for FY 2009-10. However, the company has proposed some minor modifications to the current tariff structure. The company has also proposed new categories such as LFD-II (b) and LTP V for better management of the system.

#### **Commission's decision**

As major portion of the FY 2009-10 has already elapsed, the Commission has decided to consider the proposed changes during the APR and tariff determination process for FY 2010-11.

However, the Commission has decided to consider the petitioner's proposal to introduce a new sub-category in respect of LT supply for lift irrigation purpose. The background, requirement and applicability of the said category is presented below.

#### **Background**

The Commission in its MYT Order had introduced HTP-V Category applicable to High Tension Agricultural Pumping loads, HT Lift Irrigation Scheme (for lifting water from canal/river/dam etc to supply water directly to the fields of farmers for agricultural purpose only). GUVNL had requested to introduce a new category LTP-V in the same lines as that of HTP-V after the public hearing for MYT petition. The same was not considered in the MYT Order dated Jan 17, 2009.

Subsequently, Government of Gujarat decided to take up the pilot projects of Pressurized Irrigation Network System (PINS) in the command area of Sardar



Sarovar Project. Accordingly, need was felt to introduce a new category of LT supply to such schemes.

#### **Requirement of the proposed category of tariff**

It has been submitted to the Commission that the Sardar Sarovar Project is in its advance stage of completion and Sardar Sarovar Narmada Nigam Limited (SSNNL) has taken up several Pilot Projects of Pressurized Irrigation Network System (PINS) in the Command area of Sardar Sarovar Project (SSP). SSNNL has, therefore, requested GUVNL and its subsidiary companies to arrange to provide necessary power connection in view of overall economy of pressurized irrigation Network System (PINS) at the locations of pilot projects on top priority basis with a proposal to charge prevailing tariff for Agriculture power usage.

Further, Government had decided to take up 100 Pilot Projects in the first phase and to release connections accordingly vide letter dt.20<sup>th</sup> November,2008. The decision of the State Government was communicated to GUVNL with regard to implementation of the Pilot Project by SSNNL for pressurized irrigation network system in the command area of Sardar Sarovar Project. Under the current tariff structure there is no tariff category which applies to the above mentioned LT Load. The Commission, therefore, appreciates the need to introduce a new tariff category in lines of HTP-V. The applicability and tariff schedule for the said category is as mentioned below.

#### **5.6 RATE LTP-V (for LT Lift Irrigation scheme only)**

Applicable to supply of electricity to Low Tension Agricultural consumers contracting load up to 125 BHP requiring 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. 25/- per BHP
<b>PLUS</b>		
(b)	Energy charges For entire consumption during the month	160 Paise per Unit



## COMMISSION'S ORDER

The Commission provisionally approves the gap of Rs 17.63 Cr based on the Annual Performance Review for FY 2008-09. The Commission further approves the Aggregate Revenue Requirement (ARR) for Paschim Gujarat Vij Company Limited (PGVCL) for FY 2009-10 as shown in the following table:

**Table 108 : Revised Approved ARR for FY 2009-10**

(Rs Lakhs)

Particulars	Revised Approved ARR for FY 2009-10
Cost of Power Purchase	449488
Operations & Maintenance Expenses	42654
Employee Cost	27270
Repair & Maintenance	9205
Administration & General Charges	6179
Depreciation	21809
Interest & Finance Charges	10144
Interest on Working Capital	4328
Other Debits	340
Extraordinary Items	0
Provision for Bad Debts	852
Net Prior Period Expenses / (Income)	0
Other Expenses Capitalized	(4772)
<b>Sub-Total</b>	<b>524843</b>
Return on Equity	15670
Provision for Tax / Tax Paid	136
<b>Total Expenditure</b>	<b>540649</b>
Less: Non-Tariff Income	6597
<b>Aggregate Revenue Requirement</b>	<b>534052</b>





The approved retail supply tariff will be in accordance with the Tariff Schedule annexed to this order. The order shall come into force with immediate effect.

Sd/-

Sd/-

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**DR. P K MISHRA**  
**Chairman**

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**SHRI PRAVINBHAI PATEL**  
**Member**

Place: Ahmedabad  
Date: 14<sup>th</sup> December, 2009



## **TARIFF SCHEDULE**

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

#### **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.
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. The energy supplied under these tariffs can be utilised only within the compact area of the premises not intervened by any area/road belonging to any person or authority other than the consumer.
6. Except in cases where the supply is used for the purpose for which the Distribution Licensee has permitted lower tariff, the power supplied to any consumer shall be utilised only for the purpose for which supply is taken and as provided for in the tariff.
7. The above is without prejudice to the rights of the GERC to determine different tariffs for such consumers as it may consider it expedient under the provisions of Section 61 and Section 62 of the Electricity Act, 2003.
8. The 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.
9. The Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the Formula approved by the Gujarat Electricity Regulatory Commission from time to time.
10. 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.



**PART - I****SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY  
AT LOW AND MEDIUM VOLTAGE****1.0 RATE LFD-I (FOR RESIDENTIAL PREMISES):**

This tariff will apply to services for lights, fans and small electrical appliances such as refrigerators, cookers, heaters and small motors having individual capacity not exceeding two BHP attached to domestic appliances in the residential premises.

Single-phase supply (aggregate load upto 6 kW)

Three-phase supply (aggregate load above 6 kW including small motive power load up to 10 kW).

**1.1 Fixed Charges/Month:**

Range of Connected Load: (Other than BPL Consumers)

(a)	Upto and including 2 kW	Rs.5/- per month
(b)	Above 2 to 4 kW	Rs. 15/- per month
(c)	Above 4 to 6 kW	Rs.30/- per month
(d)	Above 6 kW	Rs.45/- 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	270 Paise per Unit
(b)	Next 50 units	300 Paise per Unit
(c)	Next 100 units	360 Paise per Unit
(d)	Next 100 units	420 Paise per Unit
(e)	Above 300 units	470 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 LFD-I

**\*\*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 LFD-I (Rural):

This tariff will apply to services for residential premises located in areas within gram panchayat as defined in the Gujarat Panchayats Act.

However, this will not apply to villages which are located within the geographical jurisdiction of Urban Development Authority.

Single-phase supply (aggregate load upto 6 kW)

Three-phase supply (aggregate load above 6 kW including small motive power load up to 10 kW)

### 2.1 Fixed Charges/Month:

Range of Connected Load: (Other than BPL Consumers)

(a)	Upto and including 2 kW	Rs.5/- per month
(b)	Above 2 to 4 kW	Rs. 15/- per month
(c)	Above 4 to 6 kW	Rs.30/- per month
(d)	Above 6 kW	Rs.45/- 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	220 Paise per Unit
(b)	Next 50 units	250 Paise per Unit
(c)	Next 100 units	310 Paise per Unit
(d)	Next 100 units	370 Paise per Unit
(e)	Above 300 units	430 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 LFD-I (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 in rural area with population upto 10,000 as per Census- 2001, entire consumption will be charged under this tariff.

### 3.0 **RATE LFD-II (FOR COMMERCIAL PREMISES)**

This tariff will apply to the services for the purposes specified in the rate LFD-I in respect of commercial premises, such as shops, workshop, hotels, restaurants, showrooms, offices, etc., etc.

3.1 Fixed Charges:

Range of Connected Load:

(a)	Upto and including 2 kW	Rs.50/- per month
(b)	Above 2 to 4 kW	Rs.100/- per month
(c)	Above 4 kW to 6 kW	Rs.150/- per month
(d)	Above 6 kW	Rs.200/- per month

**PLUS**

3.2 Energy charges:

(a)	For the first 50 units per month	360 Paise per unit
(b)	For the next 100 units per month	420 Paise per unit
(c)	For the next 150 units per month	480 Paise per unit
(d)	For the remaining units per month	490 Paise per unit

3.3 Minimum Bill (excluding meter charges):

Payment of fixed charges as specified in 3.1 above.

4.0 RATE LFD-III

This tariff is applicable to the educational and other institutions registered with the Charity Commissioner.

(a)	Fixed charges	Rs.45/- per month
(b)	Energy charges	310 Paise per Unit

5.0 RATE-LTP

This tariff shall be applicable for motive power services

5.1 RATE LTP-I

This tariff is applicable for aggregate motive power load not exceeding 125 BHP.

5.1.1. Fixed charges per month:

<b>For an installation having the contracted load upto 10 BHP</b>		Rs.22/- per BHP
<b>For installation having contracted load exceeding 10 BHP:</b>		
(i)	For first 10 BHP of contracted load	Rs.22/- per BHP
(ii)	For next 40 BHP of contracted load	Rs.40/- per BHP
(iii)	For next 25 BHP of contracted load	Rs.65/- per BHP
(iv)	For next 25 BHP of contracted load	Rs.100/- per BHP
(v)	Balance BHP of contracted load	Rs.155/- per BHP

**PLUS**

5.1.2 Energy charges:

(a)	For installation having contracted load upto and including 10 BHP: For entire consumption during the month	360 Paise per Unit
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(b)	For installation having contracted load exceeding 10 BHP: For entire consumption during the month	385 Paise per Unit
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**PLUS**5.1.3 Reactive Energy Charges:

For installation having contracted load of 50 BHP and above for all reactive units (KVARH) drawn during the month	10 Paise per KVARH
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5.1.4 Minimum bill per installation per month for consumers other than Seasonal Consumers:

(a)	When contracted load is upto 75 BHP	Rs.105 per BHP
(b)	When contracted load exceeds 75 BHP	Rs.180 per BHP

5.1.5 Minimum Bill Per Installation for Seasonal Consumers

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

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

(c) The total minimum amount under the head "Fixed and Energy Charges" payable by the seasonal consumer satisfying the eligibility criteria under sub-clause (a) above and complying with the provision stipulated under sub-clause (b) above shall be Rs.1200/- per annum per BHP of the contracted load for the installation having the contracted load upto 75 BHP, and Rs.2000/- per annum per BHP when contracted load is exceeding 75 BHP.

(d) The units consumed during the off-season period shall be charged for at a flat rate of 400 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.

## 5.2 RATE LTP-II

This tariff shall be applicable to educational institutions and research and development laboratories for motive power services where machines and appliances are primarily used for demonstration/research purposes only.

### 5.2.1 Energy Charges

For all units consumed during the month	400 Paise per Unit
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### NOTE:

The educational institutions and research laboratories will have an option to either select of the rate LTP-I with minimum charges or rate LTP-II without minimum charges. The option can be exercised to switch over from LTP-I tariff to LTP-II and vice versa twice in a calendar year by giving not less than one month's notice in writing.

## 5.3 RATE LTP-III

This tariff shall be applicable to consumers using electricity for motive power services for minimum contract demand of 20 kW and up to 100 kW at low voltage.

### 5.3.1 Fixed charges:

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





	<b>demand</b>	
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**PLUS**5.3.2 Energy charges:

For the entire consumption during the month	405 Paise per Unit
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**PLUS**5.3.3 Reactive Energy Charges:

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

The billing demand shall be highest of the following, rounded to the next full kW:

- Eighty-five percent of the contract demand
- Actual maximum demand registered during the month
- 20 kW

5.3.5 Minimum Bill

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

**NOTE:**

- This tariff shall be applicable if the consumer so opts to be charged in place of LTP-I Tariff.
- The option can be exercised to switch over from LTP-I tariff to LTP-III tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.
- Consumer has to provide metering system in the event when proper metering system is not provided by Distribution Licensee..
- In the event of actual maximum demand exceeds 100 kW more than three occasions during the period of six months, the consumer has to provide his distribution transformer at his cost and maintain at his cost.

**5.4 RATE LTP-IV**

This tariff is applicable for aggregate motive power load not exceeding 125 BHP and using electricity **exclusively during night hours** from 10.00 PM to 06.00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

5.4.1 Fixed Charges per month:

Fixed charges specified in RATE LTP-I above.
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**PLUS**

5.4.2 Energy Charges:

For entire consumption during the month	200 Paise per Unit
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5.4.3 Reactive Energy Charges:

For contract load of 50 BHP and above: For all reactive units (KVARH) drawn during the month	10 Paise per KVARH
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NOTE:

1. 10% of total units consumed and 15% of the contract load can be availed beyond the prescribed hours for the purpose of maintenance.
2. For the purpose of office lighting, fans etc. the consumer may apply for a separate connection.
3. This tariff shall be applicable if the consumer so opts to be charged in place of LTP-I tariff by using electricity exclusively during night hours as above.
4. The option can be exercised to switch over from LTP-I tariff to LTP-IV tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.
5. In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category LTP-I

**5.5 RATE LTP-IV (A)**

This tariff is applicable to consumers using electricity for motive power services for minimum contract demand of 20 kW and upto 100 kW at low voltage 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.

Fixed Charges per month:



Fixed charges specified in RATE LTP-III above.
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**PLUS**Energy Charges:

For entire consumption during the month	200 Paise per Unit
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Reactive Energy Charges:

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

- 10% of total units consumed and 15% of the contract demand can be availed beyond the prescribed hours for the purpose of maintenance.
- For the purpose of office lighting, fans etc. the consumer may apply for a separate connection.
- This tariff shall be applicable if the consumer so opts to be charged in place of LTP-III tariff by using electricity exclusively during night hours as above.
- The option can be exercised to switch over from LTP-III tariff to LTP-IV(A) tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.
- In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category LT-III.

**5.6 RATE LTP-V**

Applicable for supply of electricity to Low Tension Agricultural consumers contracting load up to 125 BHP requiring 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. 25/- per BHP
PLUS		



(b)	Energy charges For entire consumption during the month	160 Paise per Unit
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## 6.0 **RATE WW (Water Works)**

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

6.1 **Type I** – Water works and sewerage pumps operated by other than local authority:

(a)	Fixed charges per month	Rs.15/- per BHP
<b>PLUS</b>		
(b)	Energy charges per month: For entire consumption during the month	350 Paise per Unit

6.2 **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.9 per BHP
<b>PLUS</b>		
(b)	Energy charges per month: For entire consumption during the month	330 Paise per Unit

6.3 **Type III** – Water works and sewerage pumps operated by Gram Panchayat or Gujarat Water Supply & Sewerage Board for its installations located in Gram Panchayats:

Energy charges per month: For entire consumption during the month	240 Paise/Unit
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6.4 **Type IV** - Water works and sewerage pumps operated by Municipalities / Nagarpalikas:

Energy charges per month: For entire consumption during the month	270 Paise/Unit
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6.5 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.	30 Paise per Unit
For energy consumption during night hours, viz., 2200 Hrs to 0600 Hrs. next day	75 Paise per Unit

**7.0 RATE-AG (AGRICULTURAL)**

This tariff is applicable to motive power services used for irrigation purposes only excluding installations covered under LTP-V category.

7.1 The rates for following group are as under:

7.1.1 HP Based Tariff:

For entire contracted load	Rs.140/BHP/month
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**ALTERNATIVELY**

7.1.2 Metered Tariff:

Fixed Charges	Rs.10 per BHP per month
Energy Charges: For entire consumption	50 Paise per Unit per month

7.1.3 Tatkal Scheme:

Fixed Charges	Rs.10 per BHP per month
Energy Charges:	70 Paise per Unit per month



For entire consumption	
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**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.

7.2 No machinery other than pump water for irrigation 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.

7.3 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.

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).

## 8.0 **RATE SL (STREET LIGHTS)**

### 8.1 **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.

#### 8.1.1 **Energy Charges:**

For all the units consumed during the month: For streetlights operated by industrial estates and local authority	330 Paise per Unit
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#### 8.1.2 **Minimum Charges:**



The minimum energy consumption is prescribed for consumer with more than 50 street lights within a village or an industrial estate, as the case may be, as equivalent to 2200 units per annum per kilo watt of connected load during the year.

#### 8.1.3 Renewal and Replacements of Lamps:

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

### 8.2 Tariff for power supply for street lighting purposes to consumers other than the local authorities and industrial estates:

#### 8.2.1 Energy charges:

For all units consumed during the month	330 Paise per kWh
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#### 8.2.2 Minimum Charges:

Rs.3 per month per fixture
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#### 8.2.3 Renewal and Replacement of Lamps:

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

#### 8.2.4 Maintenance other than Replacement of Lamps:

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

### 9.0 RATE TMP (TEMPORARY):

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

#### 9.1 Energy Charges:

For the supply used for the purposes stipulated in respective tariff for permanent supply:

(a)	Rate LFD-I (for residential premises) & LFD-I (Rural)	435 Paise/Unit
(b)	Rate LFD-II (for non-residential premises)	480 Paise/Unit
(c)	Rate LFD-III (for educational and other institutions)	480 Paise/Unit
(d)	Rate LTP-I, LTP-II and LTP-III	640 Paise/Unit



9.1.2 Minimum charges:

(a)	For the purpose stipulated in LFD:	Rs.20/- per day
(b)	For the purpose stipulated in Rate LTP-I	Rs.200/- per BHP per month
(c)	For the purpose stipulated in Rate LTP-III	Rs.225/- per kW per month

NOTE: Payment of bill 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.

**10.0 DELAYED PAYMENT CHARGES FOR LT CONSUMERS:**

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

Delayed payment charges will be levied at the rate of 1.5% per month or part thereof (upto the time of ultimate disconnection of supply) in case of all LT consumers except Agricultural category and for the period from the date of permanent disconnection, the delayed payment charges will be levied at the rate of 1.25%. Delayed payment charges will be levied at the rate of 1% per month or part thereof for the consumer governed under Rate AG from the date of billing till the date of payment if the bill is paid after ten days from the date of billing.

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





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

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

**11. RATE HTP-I**

For regular power supply for larger power service purposes not specified in rate HTP-II (A) and II (B)

**12. RATE HTP-II (A)**

For the purpose specified therein.

**13. RATE HTP-II (B)**

For the purposes specified therein.

**14. RATE HTP-III**

For supplying at high tension for temporary purposes and for contract load of not less than 100 kVA.

**15. RATE HTP-IV**

For using electricity exclusively during night hours.

**16. RATE HTP-V****17. RATE RAILWAY TRACTION****11.0 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 Rate HTP-II(A) and HTP-II(B). Research & Development Units recognised by the Ministry of Science and Technology, Department of Scientific and Industrial Research and Government, shall pay at HTP-I rates. Water Works and Sewerage pumping stations run by Local Authorities and GW & SB, GIDC Water Works, Jetty which is an integrated part of main plant of industries and water works connection which is an integrated part of main plant of industries having the Contracted Demand 100 kVA and above shall pay at HTP-I rates.

**11.1 Demand Charges : (other than Public Water Works)****11.1.1 For billing demand upto contract demand.**

(a)	For first 500 kVA of billing demand	Rs.98/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs.139/- per kVA per month
(c)	For next 1500 kVA of billing demand	Rs.208/- per kVA per month
(d)	For billing demand in excess of 2500 kVA	Rs.237/- per kVA per month

11.1.1a For billing demand upto contract demand for Public Water Works of Gujarat Water and Sewage Board, Municipal Corporations, Municipalities and other local authorities.

(a)	For first 500 kVA of billing demand	Rs.89.25/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs.126/- per kVA per month
(c)	For next 1500 kVA of billing demand	Rs.189/- per kVA per month
(d)	For billing demand in excess of 2500 kVA	Rs.215.25/- per kVA per month

11.1.2 For Billing Demand in Excess of Contract Demand (other than Public Water Works)

For billing demand in excess over the contract demand	Rs.369 per kVA per month
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11.1.2a For billing demand in excess of contract demand for Public Water Works of Gujarat Water and Sewage Board, Municipal Corporations, Municipalities and other local authorities.

For billing demand in excess over the contract demand	Rs.335 per kVA per month
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**PLUS**

11.2 Energy Charges for all HTP-I consumers including Public Water Works.

For entire consumption during the month		
(a)	Upto 1000 kVA contract demand	385 Paise per Unit
(b)	For 1001 kVA to 2500 kVA contract demand	405 paise per Unit
(c)	Above 2500 kVA contract demand	415 Paise per Unit

**PLUS**

11.3 Time of Use Charges:



(These charges shall be levied from a consumer having contract demand or actual demand of 500 kVA and above):

For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs	75 Paise per Unit
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#### 11.4 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

#### 11.5 Minimum Bills:

Payment of “demand charges” based on kVA of billing demand.

#### 11.6 Lighting and Non-Industrial Loads:

The consumption of lights and fans and other non-industrial loads of the factory building as also the consumption of creche, laboratory, stores, time keeper’s office, yards, watch and ward, first aid centres, and dispensaries during a month registered at the main meter on HT side shall be charged at the energy charges specified above.

#### 11.7 Power Factor:

##### 11.7.1 Power Factor Adjustment Charges:

- (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 “Demand Charges” and “Energy Charges” for every 1% drop or part thereof in the average power factor during the month below 90% upto 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 “Demand Charges” and “Energy Charges”, will be charged.

##### 11.7.2 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 “Demand Charges” and



“Energy Charges” for every 1% rise or part thereof in the average power factor during the month above 95%.

#### 11.8 Meter Charges:

The meter charges per month are chargeable 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.

#### 11.9 Electricity Duty and Tax on Sale of Electricity:

Electricity Duty and tax on sales of electricity will be collected in accordance with the rates prescribed by the Government from time to time. The consumer shall make separate metering arrangement for segregation of energy consumption wherever necessary for the purpose of levying electricity duty at different rate.

#### 11.10 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 minutes period of maximum use where such meter reading directly the maximum demand in KW/KVA have been provided.

#### 11.11 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.

#### 11.12 Rebate for Supply at EHV:

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

#### 11.13 Concession for Use of Electricity during Night Hours:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning (recorded by a polyphase meter operated through time-switch) as is in excess of one third of the total energy consumed during the month, shall be eligible for concession at the rate of 75 Paise per unit. The polyphase meter



and time switch shall be procured and installed by the consumer at his cost and sealed by the Distribution Licensee.

**11.14 Seasonal Consumers taking HT Supply:**

11.14.1 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.

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

11.14.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub clause 10.14.1 above and complying with provisions stipulated under sub clauses 10.14.2 above shall be Rs.4000/- per annum per kVA of the billing demand.

**11.14.4 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.

11.14.5 Units consumed during the off-season period shall be charged for at the flat rate of 415 Paise per unit.

11.14.6 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.



**11.15 Delayed Payment Charges:**

No delayed payment charges if the bill is paid within ten days from the date of billing.

Delayed payment charges are payable at the rate of 1.5% per month on Distribution Licensees' charges upto the time of ultimate disconnection of supply and at the rate of 1.25% per month from the date of permanent disconnection.

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

**12.0 RATE HTP-II(A)**

**Applicability:** This tariff shall be applicable for supply of energy to HT consumers contracting for 100 KVA and above, requiring power supply for Railways (other than Railway Workshops chargeable under Rate HTP-I and Railway Traction), hotels, amusement parks, resorts, water parks, aerodromes, cinemas, auditoriums, banks, studios, offices, film production, etc., requiring and given separate point of supply and such other establishments as may be approved from time to time by the Commission.

**12.1 Demand Charges:**

<b>(a)</b>	<b>For billing demand upto contract demand:</b>		
	(i)	For first 1000 kVA of billing demand	Rs.173/- per kVA per month
	(ii)	For billing demand in excess of 1000 kVA	Rs.260/- per kVA per month
<b>(b)</b>	<b>For billing demand in excess of contract demand</b>		Rs.396 per kVA per month for billing demand in excess over the contract demand

**PLUS**

**12.2 Energy Charges:**

For all units consumed during the month	420 Paise per Unit
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**PLUS**

**12.3 Time of Use Charges:**

(These charges shall be levied from a consumer having contract demand or actual demand of 500 kVA and above):



For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs	75 Paise per Unit
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12.4	Billing demand	} Same as per HTP-I Tariff
12.5	Minimum bill	
12.6	Power factor	
12.7	Meter charges	
12.8	Electricity Duty and tax on sale of electricity	
12.9	Maximum demand and its measurement	
12.10	Contract demand	
12.11	Rebate for supply at EHV	
12.12	Delayed payment charges	

**13.0 RATE HTP-II(B):**

**Applicability:** This tariff shall be applicable for supply of energy to HT consumers contracting for 100 kVA and above, requiring power supply for residential colonies, townships, educational institutions governed by the government, and Defence Establishments (Establishments under the Armed Forces and the Ministry of Defence, other than the units of public sector undertakings under the Ministry of Defence), requiring and given separate point of supply.

**13.1 Demand Charges:**

(a) For entire billing demand	Rs.127/- per kVA per month
(b) For billing demand in excess of contract demand	Rs.385 per kVA per month

**PLUS****13.2 Energy Charges:**

For all units consumed during the month	370 Paise/Unit
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**PLUS****13.3 Time of Use Charges:**

These charges shall be levied on a consumer having contract demand or actual demand of 500 kVA and above:



For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs	75 Paise per Unit
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13.4	Billing Demand	} <b>Same as per HTP-I Tariff</b>
13.5	Minimum Bill	
13.6	Power Factor	
13.7	Meter Charges	
13.8	Electricity Duty and Tax on Sale of Electricity	
13.9	Maximum Demand and its Measurement	
13.10	Contract Demand	
13.11	Rebate for supply at EHV	
13.12	Delayed Payment Charges	

**14.0 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.

**14.1 Demand Charges:**

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

**PLUS**

**14.2 Energy Charges:**

For all units consumed during the month	630 Paise per Unit
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**PLUS**

**14.3 Time of use charges:**

(These charges be levied from the consumer who is having contracted demand or actual demand of 500 kVA and above).

Additional charge for the energy consumption during two peak periods, i.e., 07.00 Hrs to 11.00 Hrs and 18.00 Hrs to 22.00 Hrs.	75 Paise per Unit
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**14.4 Billing Demand:**

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14.5	Minimum Bill:	
14.6	Maximum demand and its measurement.	Same as per
14.7	Meter Charges:	HTP-I
14.8	Electricity duty and tax on sale of electricity	Tariff
14.9	Contract demand	
14.10	Delayed payment charges	

**15.0 RATE HTP-IV**

This tariff shall 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 Rate HTP-II(A) and HTP-II(B); and consumer opting to use electricity exclusively during night hours from 10.00 PM to 06.00 AM next day.

**15.1 Demand Charges:**

Same rates as specified in Rate HTP-I
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**PLUS****15.2 Energy Charges:**

For all units consumed during the month	200 Paise per Unit
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15.3	Billing demand	} <b>As per Rate HTP-I</b>
15.4	Minimum bill	
15.5	Power factor	
15.6	Meter charges	
15.7	Electricity duty and tax on sale of Electricity	
15.8	Maximum demand and its measurement	
15.9	Contract demand	
15.10	Rebate for supply at EHV	
15.11	Delayed payment charges	

**NOTE:**

- 10% of total units consumed and 15% of the contract demand can be availed beyond the prescribed hours for the purpose of maintenance.
- For the purpose of office lighting, fans etc. the consumer may apply for a separate connection.
- 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.



4. 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.
5. In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category HTP-I.

#### 16.0 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.

##### 16.1 Demand Charges:

Demand Charges Rs. 25 per kVA per Month
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**PLUS**

##### 16.2 Energy Charges:

For all units consumed during the month	160 Paise per Unit
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16.3 Power Factor

16.4 Meter charge

16.5 Billing Demand

16.6 Contract demand

16.7 Minimum bill

16.8 Maximum demand

16.9 Delayed Payment Charges

16.10 Rebate for supply at EHV

**As per HTP-I Tariff**

#### 17.0 RATE – RAILWAY TRACTION:

This tariff is applicable for power supply to Railway Traction at 132 kV/66 kV.

##### 17.1 Demand Charges:



(a) For billing demand upto the contract demand	Rs.160 per kVA per month
(b) For billing demand in excess of contract demand	Rs.400 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 17.1(b).

**PLUS**

17.2 Energy Charges:

For all units consumed during the month	455 Paise per Unit
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17.3	Power Factor	} <b>As per HTP-I Tariff</b>
17.4	Meter charge	
17.5	Billing Demand	
17.6	Contract demand	
17.7	Minimum bill	
17.8	Maximum demand	
17.9	Delayed Payment Charges	
17.10	Rebate for supply at EHV	



## Annexure 1.1 – List of Objectors

### List of Organizations and Individuals who filed objections/suggestions

1	N M Sadguru Water & Development Foundation
2	Shri Rameshbhai J. Fuletra
3	Shri Pankajkumar B. Patel
4	Mahuva Chamber of Commerce & Industry
5	Smt. Chetnaben M. Patel
6	Consumer Education and Research Society
7	Gondal Chamber of Commerce & Industry
8	Shri Surendrabhai B. Mehta
9	Bhatia International Limited
10	Bhavnagar District Chamber of Industries
11	Bhartiya Kisan Sangh
12	Akhil Bhartiya Grahak Panchayat – Rajkot
13	Sarpanch, Dhunvav Gram Panchyat
14	Tax Payers' Users' Consumers Association – Jamnagar
15	Dediyasan Industrial Estate Association
16	Shri Sunil Oza
17	Dy. Chief Electrical Engineer, Western Railway
18	Utility Users' Welfare Association
19	Federation of Gujarat Industries
20	Shri Vipul Hirabhai Raiyani
21	Gujarat Krushi Vij Grahak Suraksha Sangh



**Annexure 1.2 – List of participants in Public Hearing****List of participants in Public Hearing**

1.	N M Sadguru Water & Development Foundation
2.	Shri Surendrabhai B. Mehta
3.	Akhil Bhartiya Grahak Panchayat – Rajkot
4.	Sarpanch, Dhunvav Gram Panchyat
5.	Dy. Chief Electrical Engineer, Western Railway
6.	Gondal Chamber of Commerce & Industry
7.	Jagega Gujarat Sangharsh Samiti
8.	Shri Amarsinh Chavda
9.	Consumer Education and Research Society
10.	Bhatia International Limited
11.	Utility Users' Welfare Association
12.	Federation of Gujarat Industries
13.	Dediyasan Industrial Estate Association
14.	Shri Vipulbhai Hirabhai Raiyani
15.	Shri Hasmukh Shah
16.	Gujarat Krushi Vij Grahak Suraksha Sangh

