GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing-up for FY 2010-11
and
Determination of Tariff for FY 2012-13

For

MPSEZ Utilities Private Limited
(MUPL)

Case No. 1156 of 2011

2nd June 2012

1st Floor, Neptune Tower, Opp.: Nehru Bridge, Ashram Road
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AHMEDABAD

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ABBREVIATIONS

A&G	Administrative and General
APL	Adani Power Limited
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
AT&C Loss	Aggregate Technical and Commercial Loss
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Crs	Crores
EA 2003	Electricity Act, 2003
F&A	Finance and Accounts
FPPPA	Fuel Price and Power Purchase Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Electricity Transmission Company Limited
GFA	Gross Fixed Assets
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
HTMD	High Tension Maximum Demand
kV	Kilo Volt
kVA	Kilo-Volt Amperes
kW	Kilo-Watt
kWh	Kilo-Watt Hour
LF	Load Factor
LT	Low Tension
MD	Maximum Demand
MITAP	Mundra SEZ Integrated Textile & Apparel Park
MPSEZL	Mundra Port and Special Economic Zone Limited
MRS	Main Receiving Station
MUPL	MPSEZ Utilities Private Limited
MU	Million Unit
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi-Year Tariff
NFA	Net Fixed Assets
NTP	National Tariff Policy
O&M	Operations and Maintenance
PGVCL	Paschim Gujarat Vij Company Limited
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
RoE	Return on Equity
SBI	State Bank of India

SEZ	Special Economic Zone
SLC	Service Line Charge
T&D Loss	Transmission and Distribution Loss
UI	Unscheduled Interchange
u.p.f	Unity Power Factor
w.e.f.	With effect from
YoY	Year on Year

Before the Gujarat Electricity Regulatory Commission at Ahmedabad

Case No. 1156/2011

Date of the Order: 02.06.2012

CORAM

Dr. P.K. Mishra, Chairman
Shri Pravinbhai Patel, Member
Dr. M.K. Iyer, Member

ORDER

1. Background and Brief History

1.1 Background

The MPSEZ Utilities Private Limited (hereinafter referred to as MUPL or Petitioner), a distribution Licensee, has filed its petition on 30th November, 2011 under Section 62 of the Electricity Act, 2003 read with Gujarat Electricity Regulatory Commission (Terms & Conditions of Tariff) Regulations, 2005, and Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007 and Gujarat Electricity Regulatory Commission (Multi Year Tariff) Regulations, 2011 for Truing-up of FY 2010-11 and determination of Retail Supply Tariff for FY 2012-13.

The Commission conducted a preliminary scrutiny and admitted the petition on 28th December, 2012 under Case No. 1156/2011

1.2 MPSEZ Utilities Private Limited (MUPL)

The Petitioner, MPSEZ Utilities Private Ltd (MUPL) is a company incorporated in 2008 under the Companies Act, 1956. Another company, Mundra Port and Special

Economic Zone Limited (MPSEZL) is developing a multi-product SEZ at Mundra. The area of MPSEZL is about 6473 hectares.

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

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

1.3 Commission's Order on the first ARR and Tariff Petition of MUPL for FY 2010-11

The MUPL had filed its first ARR and Tariff Petition for FY 2010-11 in October 2010 for the period 28th August, 2010 to 31st March 2011 (7 months of its financial year of operation).

The Commission, in its letter no. GERC/TECH/MYT 2011-12 to 2015-16/MUPL-0395 dated 5th March, 2011, had informed MUPL that since the period for which the tariff determination was asked for in its prayer was about to end, it was directed to charge its consumers considering the tariff rates prescribed in the tariff schedule of Paschim Gujarat Vij Company Limited (PGVCL) for the FY 2010-11 as ceiling limit.

1.4 MUPL Petition for FY 2011-12

MUPL had submitted the petition for -

1) Annual Performance Review for FY 2010-11 and
2) Determination of ARR for the control period for FY 2011-12 to FY 2015-16 and
3) Retail Supply tariff for FY 2011-12.

The Commission after following the due process issued MYT Order on 18th August, 2011 on Annual Performance Review for FY 2010-11, ARR for the MYT period FY 2011-12 to FY 2015-16 and determination of Tariff for FY 2011-12.

1.5 Admission of the current petition and the public hearing process

The Petitioner submitted the current petition for Truing-up of FY 2010-11 and Retail Supply Tariff for FY 2012-13 on 30th November, 2011. After preliminary analysis, the Commission admitted the petition as Case No. 1156/2011 dated 28th December, 2012.

In accordance with Section 64 of the Electricity Act, 2003 the Commission directed MUPL to publish its application in an abridged form to ensure public participation. The public notice was issued in the following newspapers on 5th January, 2012 inviting objections / suggestions from its stakeholders on the ARR petition filed by it.

Sr. No.	Name of the Newspaper	Language	Date of Publication
1	The Indian Express	English	5th January 2012
2	Kutch Mitra	Gujarati	5th January 2012
3	Divvy Bhaskar	Gujarati	5th January 2012

Interested parties / stakeholders were asked to file their objections / suggestions on its petition on or before 4th February, 2012.

The MUPL / Commission have not received any objections / suggestions on the petition from the stakeholders.

1.6 Approach to this Order

The MUPL has submitted the current petition for Truing-up for the FY 2010-11 (28th August, 2010 to March, 2011) and determination of retail supply tariff for FY 2012-13.

The Truing-up submitted by MUPL for the FY 2010-11 is based on audited accounts for FY 2010-11 (28th August 2010 to 31st March, 2011). The Commission has examined the data / information submitted by MUPL for the year 2010-11 with reference to the Audited Annual Accounts for FY 2010-11 along with determination of tariff for FY 2012-13. Computation of gains and losses is not considered by the Commission in accordance with the MYT Regulations, 2007 as the ARR for FY 2010-11 was not approved by the Commission.

The petition for determination of Retail Supply Tariff for FY 2012-13 has been considered by the Commission as per GERC (Multi Year Tariff) Regulations, 2011.

1.7 Contents of the Order

This order is divided into four chapters as under:

1. The **first chapter** provides the background regarding the Petitioner, the petition and details of the public hearing process.
2. The **second chapter** deals with the Truing-up of FY 2010-11.
3. The **third chapter** deals with Retail Supply Tariff for FY 2012-13, the wheeling charges, Cross subsidy surcharge and Fuel and Power Purchase adjustments.
4. The **fourth chapter** deals with the directives by the Commission.

2. Truing-up of FY 2010-11

The Petitioner, in its petition for Truing-up of FY 2010-11, has furnished the actuals of energy sales, expenditure and revenue for FY 2010-11 based on the Audited Annual Accounts for FY 2010-11. It is submitted that the Truing-up of FY 2010-11 is on the basis of audited accounts and actual performance of the FY 2010-11 with reference to the revised projections submitted to the Commission in the Annual Performance Review Petition filed on 25th January, 2011 for FY 2010-11.

The Commission has analyzed the components of the actual energy sales, expenses and revenue under Truing-up for FY 2010-11.

GERC (MYT) Regulations, 2007 specify that the Commission shall undertake the Truing-up of expenses and revenue of licensee for the past year i.e. FY 2010-11 on the basis of approved values in the tariff order for FY 2010-11. The ARR for FY 2010-11 was not approved by the Commission due to late submission of the ARR petition for FY 2010-11 in October 2010 for the period 28th August 2010 to 31st March 2011 by the Petitioner.

The Petitioner had however filed the petition for Annual Performance Review for FY 2010-11, on 25th January 2011 based on provisional accounts for FY 2010-11 with actuals up to 31st December, 2010 and estimates from January to March, 2011. The Commission had analyzed the Annual Performance Review for the FY 2010-11 (28th August 2010 to March 2011). The Commission has only noted the data / information submitted by MUPL for the year 2010-11. In view of the above the Commission has compared the actuals based on Audited Accounts for FY 2010-11 with the revised estimates furnished by the Petitioner in the Annual Performance Review for FY 2010-11.

2.1 Energy Sales

Petitioner's submission

The Petitioner has submitted that the sales for FY 2010-11 are only for part of the year as the actual operation during the financial year was for seven-months only w.e.f. 28th August. The actual sales from 28th August 2010 to March 2011 and the estimated sales furnished in the revised estimates in the review for FY 2010-11 are given in the Table 2.1 below:

Table 2.1 Actual Energy Sales for FY 2011

Particulars	As submitted in APR for FY 2010-11	Actual for FY 2010-11
Energy Sales (MU)	21.00	19.75

It is submitted by the Petitioner that the reduction in sales is mainly because of delay in the commissioning of some of the units.

Commission's Analysis

In view of what is stated above by the Petitioner, the Commission approves the energy sales of 19.75 MU for FY 2010-11.

2.2 Distribution Loss

Petitioner's Submission

The Petitioner has submitted that it had initiated the process of establishing distribution network keeping in view the need of existing as well as potential consumers. The distribution loss is 4.56% against 8.00% projected earlier. It is submitted that higher distribution loss was expected earlier due to energizing of new power transformers which requires time to reach the optimum loading

Commission's Analysis

The MUPL has submitted that the actual distribution loss is 4.56% as against 8.00% projected in APR in view of their extending distribution network to serve the consumers as they come-up.

The Commission approves the distribution loss of 4.56% for FY 2010-11, as per actuals.

2.3 Energy Requirement

Petitioner's submission

Based on the energy sales for FY 2010-11 and the actual transmission and distribution loss for FY 2010-11, the Petitioner has calculated the energy requirement for FY 2010-11. The energy balance statement as per the revised estimate shown for FY 2010-11 in the Tariff Order and actuals now submitted by the Petitioner are as given in the Table 2.2 below:

Table 2.2 Energy Requirement as Submitted by MPSEZ for FY 2010-11

Sr. No.	Particulars	Unit	Revised sales for FY 2010-11	FY 2010-11 (Actual)
1	Energy Sales	MU	21.00	19.75
2	Distribution Loss	MU	1.83	0.94
		(%)	8.0	4.56
3	Energy Requirement	MU	22.83	20.69
4	Transmission Loss	MU (%)	1.01 (4.25)	1.04
5	Total Energy to be input to the transmission system	MU	23.84	21.73

It is submitted by MUPL that the projected energy balance for FY 2010-11 was based on the energy sales projection grossed up factoring in transmission loss of GETCO at 4.25% and estimated distribution loss of 8.0%. It is stated that the actual energy requirement is based on actual distribution loss of 4.56% and transmission loss of 1.04 MU. It is submitted that the transmission loss of 1.04 MU is on normative basis (in kind) in GETCO system from Generation Bus to MUPL Bus.

Commission's Analysis

The Commission has approved the distribution loss at 4.56% in para 2.2 above. It is noted that the transmission loss of 1.04 MU is stated to be on normative basis (in kind) in GETCO system. The Commission computed the energy requirement with distribution loss of 4.56% (0.94 MU) and transmission loss of 1.04 MU for FY 2010-11 based on actuals as given in Table 2.3 below:

Table 2.3 Energy Requirement Approved by the Commission for Truing-up for FY 2010-11

Sr. No.	Particulars	Unit	Considered in APR FY 2010-11	Actuals Submitted for Truing-up for FY 2010-11	Actuals approved by the Commission for FY 2010-11
1	Energy Sales	MU	21	19.75	19.75
2	Distribution Loss	MU	1.83	0.94	0.94
		%	(8.0)	(4.56)	(4.56)
3	Energy Requirement	MU	22.83	20.69	20.69
4	Transmission Loss	MU	1.01	1.04	1.04
5	Energy Required	MU	23.84	21.73	21.73

The Commission approves the energy requirement of 21.73 MU for Truing-up for FY 2010-11.

2.4 Capital Expenditure Plan

Petitioner's submission

It is submitted by MUPL that it has planned to establish the state of the art distribution network along with built-in redundancies for ensuring uninterrupted quality power to the customers and had proposed capital expenditure to meet safety supporting infrastructure and other requirements. The actual CAPEX for FY 2010-11 was Rs.45.57 crore (net of consumer contribution of Rs. 1.40 crore towards SLC) against a total of Rs.66.34 crore projected in APR Petition for FY 2010-11

It is submitted that the lower capital expenditure compared to estimation is mainly on account of delay in construction of EHV line of 66 kV from MRS to MITAP due to severe right of way (ROW) issues, which was completed in the FY 2011-12. There was delay in establishing permanent connectivity with GETCO, which was also carried over in FY 2011-12. MUPL has further furnished the consumer contribution for service lines at Rs. 1.40 crore, which is deducted from the capital expenditure. Based on the above the MUPL has furnished the details of actual CAPEX incurred during FY 2010-11 against estimate as given in Table 2.4 below:

Table 2.4 Capital Expenditure as furnished by MUPL for Truing-up FY 2010-11

(Rs. lakhs)

Sr. No.	Particulars	As submitted in APR for FY 2010-11	Actuals for FY 2010-11
A	EHV (220 KV and 66 kV)		
	EHV Transmission line	1103	359
	EHV Transmission cable	255	-
	EHV substations	2547	3059
	Civil cost	1046	
	Land cost	638	638
	Total	5589	4055
B	HT (33 kV and 11 kV) Network		
	33 kV HT cable network	-	-
	11 kV HT cable network	496	250
	33/11 kV HT substation	-	-
	Land cost	-	-
	Civil cost	-	-
	Total	496	250
C	Others		
	IT and communication	67	94

Sr. No.	Particulars	As submitted in APR for FY 2010-11	Actuals for FY 2010-11
	Testing and measuring equipment	46	
	Meters and AMR	19	7
	IT	-	-
	Miscellaneous	64	59
	Buildings and other civil work	352	232
	Total	550	391
D	Grand Total	6634	4697
	Less: SLC	-	140
F	Net CAPEX	6634	4557

Commission's Analysis

The Commission observes that there is considerable variation in the capital expenditure projections for FY 2010-11 and actual. The reasons for lower CAPEX is explained by MUPL as stated above.

The Commission has verified the gross block in audited accounts and accordingly approves the capital expenditure / capitalization at Rs. 45.57 crore (net of SLC of Rs. 1.40 crore collected from the consumers) in the Truing-up for FY 2010-11.

2.5 Power Purchase Cost

Petitioner's submission

MUPL has submitted that with the scale of operations during FY 2010-11 the power procurement based on competitive bidding was not feasible, as no generator would like to participate in the competitive bidding for the kind of small volume of energy on which MUPL was operating. In view of the above and on account of relatively low volume of power requirement, MUPL had approached Adani Power Limited (APL) for meeting its requirement. It is stated that MUPL had also initiated to identify alternative sources. MUPL identified other sources by inviting short-term bids i.e. Phillips Carbon Black Limited (PCBL) from December 2010 to March 2011 for 8.3 MW. It is stated that the Power Purchase includes the power purchased initially from APL, then from Phillip Carbon Black Limited for major part of the duration and also from India Energy Exchange for FY 2010-11. The power purchase cost includes the scheduling and open access charges incurred for the power purchase through open access. The power purchase cost as per APR and actual are given in Table 2.5 below:

Table 2.5 Power Purchase Cost for FY 2010-11

Sr. No.	Particulars	As Submitted in APR for FY 2010-11	Actual for FY 2010-11
1	Total Quantity in MU	23.84	21.73
2	Total Cost (Rs. Crore)	8.73	7.10
3	Cost Per Unit (Rs/Kwh)	3.66	3.27

Commission's Analysis

The MUPL has stated that, as no generator was interested to bid for such small quantum based on competitive bidding, it had gone for short term purchase at Rs. 3.27 / kWh inclusive of scheduling and open access charges. The cost is considered reasonable compared to market prices and also lower than the price furnished at Rs.3.66 /Kwh in APR. The Commission has verified the power purchase cost in the audited annual accounts.

The Commission accordingly approves the power purchase cost of Rs. 7.10 crore in the Truing-up for FY 2010-11.

2.6 Operations and Maintenance Expenses

The Operations and Maintenance expenses comprise the employee cost, administrative and general expenses and repair and maintenance expenditure. The actual Operations and Maintenance expenses as per audited accounts are Rs.2.00 crore against Rs.2.94 crore considered in APR as given in Table 2.6 below:

Table 2.6 Operations and Maintenance Expenses

(Rs. crore)

Sr. No.	Particulars	As considered in APR for FY 2010-11	Actuals for FY 2010-11
1	Employee Cost	0.75	0.59
2	Repairs and Maintenance	0.34	0.20
3	Administrative and General Expenses	1.84	1.21
4	Total	2.94	2.00

It is submitted by MUPL that the O&M costs are lower due to initial stage of operations and also due to slow development.

Commission's Analysis

The Commission has verified the O&M expenses from the audited annual accounts and accordingly approves the O&M expenses at Rs. 2.00 crore in the Truing-up for FY 2010-11.

2.7 Depreciation

MUPL has submitted that the depreciation is computed on the fixed assets based on straight line method as prescribed in the regulations and at depreciation rates as per GERC (Terms and Conditions for Determination of Tariff) Regulations, 2005. The depreciation projected in the APR for FY 2010-11 and depreciation based on actuals for FY 2010-11 are given in the Table 2.7 below:

Table 2.7 Depreciation for FY 2010-11

(Rs. Crore)

Particulars	As Submitted in APR for FY 2010-11	Actuals for FY 2010-11
Depreciation	1.87	1.25

Commission Analysis

The claim of MUPL is examined. The opening assets for FY 2010-11 are nil. The depreciation is computed on the actual assets added during the FY 2010-11 at the rates as per GERC Tariff Regulations as given in the Table 2.8 below:

Table 2.8 Depreciation Approved for FY 2010-11

(Rs. In lakhs)

Sr. No.	Particulars	Gross Block			Deprecia -tion rate (%)	Depreciation on the average assets
		At the beginning of the FY 2010-11	Addition during the Year	Assets at the end of the Year		
1	Land	-	-	-	-	-
2	Land lease hold	-	637.5	637.5	3.34	10.65
3	Buildings	-	231.76	231.76	3.34	3.87
4	Hydraulic Works	-	-	-	-	-
5	Other Civil Works	-	-	-	-	-
6	Plant and Machinery	-	3124.64	3124.64	5.28	82.49
7	Lines and Cables	-	608.91	608.91	5.28	16.08
8	Vehicles	-				
9	Furniture & Fixtures	-	0.85	0.85	6.33	0.03
10	Office Equipment	-				
11	IT Equipment	-	93.8	93.8	15	7.03
12	Total	-	4697.46	4697.46		120.15
13	Less: SLC	-	(139.94)	(139.94)		(3.8)
			4557.52	4557.52		116.35
		Say	45.57 crores	45.57 crores		1.16 crores

MUPL has capitalized the entire CAPEX of Rs. 46.97 crore and created the assets. Since the investment is only in a small area, it is possible to capitalize the entire CAPEX during the same year. The MUPL was in operation for 7 months during FY 2010-11; the depreciation approved on pro-rata basis works out to Rs. 0.68 crore.

The Commission approves depreciation at Rs. 0.68 crore in the Truing-up for FY 2010-11.

2.8 Interest Expenses on Loans

Petitioner's submission

MUPL has submitted that it has not availed any loan for capital works. As the funding was arranged through own sources, MUPL has computed normative loan considering the capital investment norm with debt equity ratio of 70:30. Hence deemed loan has been taken at 70% of the CAPEX during the FY 2010-11 net of consumer contribution as detailed in Table 2.9 below:

Table 2.9 Normative Loans and Interest for FY 2010-11 Projected by MUPL

(Rs. crore)

Sr. No.	Particulars	As Submitted in APR for FY 2011	Normative Loan based on actual CAPEX for FY 2010-11
1	Capitalization during the Year	66.34	46.97
2	Less service line contributing (SLC) from consumers	0.00	(1.40)
3	Balance Capitalization	66.34	45.57
4	Loan at 70% of balance capitalization	46.44	31.90
5	Interest on average loan	3.45	2.37

MUPL has stated that it has claimed interest at interest rate of 12.75% equivalent rate published by Power Finance Corporation (PFC) applicable for private sector DISCOMs on normative debt.

Commission's Analysis

The Commission has examined the sources of funding the CAPEX as per the approved debt equity ratio of 70:30. The actual capitalization of capital expenditure net of consumer contribution is Rs.45.57 crore and the normative debt at 70% works out to Rs.31.90 crore. The Commission considers the interest on normative loan at 10.5% as approved in the MYT Order dated 18th August, 2011. The interest on normative loan works out to Rs. 0.98 crore.

The Commission, accordingly, approves interest on normative loan at Rs. 0.98 crore in the Truing-up for FY 2010-11.

2.9 Interest on Security Deposits

Petitioner's Submission

MUPL has submitted that the consumer contribution to security deposit depends on addition of new consumers and their load growth from time to time. The actual amount of security deposit and the corresponding interest calculated at the rate of 6% for FY 2010-11 are given in Table 2.10 below:

Table 2.10 Interest on Security Deposit Projected by MUPL for FY 2010-11

(Rs. crore)

Sr. No	Particulars	As submitted in APR for FY 2011	Actuals for FY 2010-11
1	Consumers Deposit	2.25	2.82
2	Interest cost	0.05	0.04

Commission's Analysis

The interest on consumer deposit projected by MUPL is examined. The interest actually paid to customers as per audited annual account is Rs.0.04 crore.

The Commission, accordingly, approves the interest paid to customers on security deposit at Rs.0.04 crore in the Truing-up for FY 2010-11.

2.10 Interest on Working Capital

Petitioner's Submission

MUPL has claimed Rs. 0.44 crore towards interest on working capital in the Truing-up for FY 2010-11 as per the approved norms, in the GERC Regulations. It is submitted that it has considered for determining the loan for working capital in a year as under:

i. One month of O&M Expenses
ii. Maintenance spares at 1% of GFA
iii. Receivables equivalent to two months of sales

It is submitted, the interest on working capital is computed by applying the interest rate of 11.75% equal to the short-term prime-lending rate of State Bank of India as on 1st April 2010. It is further submitted that the allowable interest on working capital is significantly lower than what was projected in APR FY 2010-11 due to low CAPEX, lower sales and expenses. The interest on working capital claimed by MUPL is given in Table 2.11 below:

Table 2.11 Interest on Working Capital Claimed for FY 2010-11

(Rs. crore)

Sr. No.	Particulars	As Submitted in APR for FY 2011	Actuals for FY 2010-11
1	O&M Expenses	0.42	0.29
2	Spares at 1% GFA	0.66	0.47
3	Receivable	2.96	2.96
4	Working Capital	4.09	3.72
5	Interest on Working Capital	0.38	0.44

Commission's Analysis

The Commission has examined the working capital and interest there on claimed by MUPL. This is as per norm specified in the GERC Tariff Regulations, 2005. The interest rate to the short term prime-lending rate of SBI on 1st April 2010 is 11.75%. This interest on working capital is allowable. The working capital interest thus approved by the Commission is given in Table 2.12 below:

Table 2.12 Interest on Working Capital Approved by the Commission

(Rs. crore)

Sr. No	Particulars	Claimed by MUPL for Truing-up for FY 2010-11	Approved by the Commission for FY 2010-11
1	O&M Expenses for one month	0.29	0.17
2	Maintenance Spare 1% of GFA	0.47	0.47
3	Receivable for two months sales	2.96	1.73
4	Working Capital	3.72	2.37
5	Interest on Working Capital @ 11.75%	0.44	0.28

MUPL was in operation for 7 months only during FY 2010-11 and the interest on working capital works out to Rs.0.16 crore on pro-rata basis.

The Commission approves the interest on working capital at Rs. 0.16 crore in the truing-up for FY 2010-11.

2.11 Return on Equity

MUPL has submitted that the equity base for FY 2010-11 is considered on normative 30% of Rs. 45.57 crores of capitalization during the year.

The return on equity has been computed by applying regulated return of 14% on the average of opening and closing balance of the FY 2010-11 as given in Table 2.13 below:

Table 2.13 Return on Equity for FY 2010-11

(Rs. crore)

Sr. No.	Particulars	As submitted by APR for FY 2010-11	Actual for FY 2010-11
1	Opening Equity	0.00	0.00
2	Addition to Equity towards Capital Investment	19.72	13.67
3	Closing Balance of Equity	19.72	13.67
4	RoE at 14% on average	1.38	0.96

Commission's Analysis

MUPL was in operation for 7 months only during FY 2010-11 and proportionate ROE works out to Rs. 0.56 crore.

The Commission approves the return on equity at Rs.0.56 crore in the Truing-up for FY 2010-11.

2.12 Income Tax

MUPL has not claimed income tax stating that income tax was not applicable for FY 2010-11 as per SEZ Act and Rules.

2.13 Bad Debts

MUPL has not claimed any amount towards bad debts stating that the actual bad debts written off are nil.

2.14 Contingency Reserve

MUPL has submitted that it has not considered any amount towards the contingency reserve during FY 2010-11.

2.15 Non-Tariff Income

Petitioner's Submission

MUPL has submitted that it has estimated the non-tariff income of Rs.0.04 crore for FY 2010-11.

Commissioner's Analysis

The Commission approves the non-tariff income at Rs.0.04 crore in the Truing-up for FY 2010-11.

2.16 Revenue from Sales of Power to Consumers

The MUPL has furnished the revenue from sale of power to the consumers at Rs.10.37 crore in the Truing-up for FY 2010-11, against Rs. 10.51 crore projected in APR for FY 2010-11, as detailed in Table 2.14 below:

Table 2.14 Projected Revenue from Sale of Power for FY 2010-11

(Rs. crore)

Sr No.	Particulars	As submitted in APR for FY 2010-11	Actual for FY 2010-11
1	Revenue from Sale of power	10.51	10.37

Commission's Analysis

The Commission has verified the total revenue for FY 2010-11 from the audited annual accounts. The actual revenue from sale of power is Rs. 10.37 crore as per audited accounts.

The Commission, accordingly, approves, the revenue from sale of power at Rs. 10.37 crore in the Truing-up for FY 2010-11.

2.17 ARR Approved in the Truing-up

The Commission has reviewed the performance of MUPL as per provisions of Regulation 9.2 of MYT Regulation 2007 with reference to audited annual accounts for FY 2010-11. The Commission has not computed the gains / losses for FY 2010-11 based on the Truing-up for each of the components discussed in the above paragraphs as the expenses under each component were not approved by the Commission in the Tariff Order for FY 2010-11. The Aggregate Revenue

Requirement (ARR) furnished in the APR order, actuals claimed and approved by the Commission in Truing-up for FY 2010-11 are given in the Table 2.15 below:

Table 2.15: ARR Approved in Truing-up for FY 2010-11

(Rs. crore)

Sr. No.	Particulars	As submitted in APR Order for FY 2010-11	Actuals Claimed for Truing-up for FY 2010-11	Approved in Truing-up for FY 2010-11
1	Power purchase expenses	8.73	7.10	7.10
2	O&M Expenses	2.94	2.00	2.00
	Employee Expenses	0.75	0.59	0.59
	R&M Expenses	0.34	0.20	0.20
	A&G Expenses	1.84	1.21	1.21
3	Depreciation	1.87	1.25	0.68
4	Interest on Loans	3.45	2.37	0.98
5	Interest on Security Deposit	0.05	0.04	0.04
6	Interest on Working Capital	0.42	0.44	0.16
7	Provision for Bad Debts	0.20	0.00	0.00
8	Contingency Reserve	0.20	0.00	0.00
9	**Sub Total**	**17.86**	**13.20**	**10.96**
10	Return on Equity	1.38	0.96	0.56
11	Provision for Tax	0.00	0.00	0.00
12	**Total Expenditure**	**19.24**	**14.16**	**11.52**
13	Less Non-Tariff Income (-)	0.02	0.04	0.04
14	**Aggregate Revenue Requirement (12-13)**	**19.22**	**14.12**	**11.48**

2.18 Revenue Gap / Surplus for FY 2010-11

Petitioner's Submission

The MUPL has claimed revenue gap of Rs. 3.74 crore in the Truing-up comparing the performance with the APR as detailed in Table 2.16 below:

Table 2.16: Projected Revenue Gap / Surplus for FY 2010-11

(Rs. crore)

Sr. No.	Particulars	As submitted in APR for FY 2010-11	Actual for FY 2010-11
1	Aggregate Revenue Requirement	19.22	14.12
2	Less Revenue from Sale of Power	10.51	10.37
3	Gap for FY 2010-11	8.71	3.74

The MUPL has claimed carrying cost of Rs. 0.44 crore at the rate of 11.75% of Rs. 3.74 crores gap it has arrived at for FY 2010-11. Accordingly, the total revenue gap claimed by MUPL is Rs. 4.18 crores.

Commission's Analysis

The Commission arrived at the revised ARR based on the expenses approved in the Truing-up for FY 2010-11. The ARR and the revenue gap / surplus approved by Commission is summarized in Table 2.17 below:

Table 2.17 Revenue Gap / Surplus Approved in the Truing-up for 2010-11

(Rs. crore)

Sr. No.	Particulars	Approved for FY 2010-11
1	Aggregate Revenue Requirement (ARR)	11.48
2	Revenue from sale of power	10.37
3	Revenue gap	1.11

Based on analysis as discussed above there is a gap of Rs. 1.11 crore in the Truing-up for FY 2010-11. The Commission approves the gap of Rs. 1.11 crore for the FY 2010-11.

3. Tariff Determination for FY 2012-13

3.1 Annual Revenue Requirement for FY 2012-13

Petitioner's submission

MUPL has submitted that the Annual Revenue Requirement of Rs. 83.77 crore was approved by the Commission in its MYT Order dated 18th August, 2011. It is also submitted by MUPL that the revenue for FY 2012-13 based on existing tariff is Rs. 65.83 crore. The Annual Revenue Requirement, the revenue based on existing tariff and the revenue gap for FY 2012-13 as projected by MUPL is given in Table 3.1 below:

Table 3.1: Revenue gap projected by MUPL for FY 2012-13 at existing tariff

(Rs. crore)

Sr. No.	Particulars	FY 2012-13
1.	Approved ARR for FY 2012-13	83.77
2.	Revenue from existing tariffs for FY 2012-13	65.83
3.	Revenue gap – surplus / (Deficit)	(17.94)

Commission's Analysis

The Commission has examined the proposal of Petitioner. The annual revenue requirement approved by the Commission for FY 2012-13 in MYT Order dated 18th August, 2011, component wise, is given in Table 3.2 below:

Table 3.2: ARR approved by the Commission for FY 2012-13

(Rs. crore)

Sr. No.	Particulars	Approved ARR for FY 2012-13
1.	Power purchase expenses	58.67
2.	O&M expenses	5.54
3.	Depreciation	5.90
4.	Interest on long term loans	7.81
5.	Interest on security deposit	0.73
6.	Interest on working capital	-
7.	Provision for bad debts	-
8.	Contingency reserve	0.29
9.	Income Tax	-
10.	Revenue expenditure	78.94
11.	Return on equity	4.89
12.	Less: Non-tariff income	0.06
13.	ARR	83.77

As per Regulation 16.2 of GERC MYT (Terms and Conditions of Tariff) Regulations, 2011, the Commission shall determine ARR for the entire control period and undertake Truing-up of previous year's expenses and revenue based on Audited Accounts vis-à-vis the approved forecast and the categorization of variation in performance as those covered by controllable and uncontrollable factors. As such there is no provision for revision of ARR figures during subsequent years.

MUPL has not claimed any revision for ARR items. As such the Commission confirms the ARR at Rs. 83.77 crore for FY 2012-13.

3.2 Revenue from Existing Tariff for FY 2012-13

Petitioner's submission

MUPL has projected the revenue for FY 2012-13 at existing tariff as Rs. 65.83 crore with the energy sales of 129.31 MU as approved by the Commission for FY 2012-13 in the MYT Tariff Order dated 18th August, 2011. The details of energy sales and applied tariffs and the total revenue are given in Format D-4A in the Petition.

Commission's Analysis

The Commission has verified the energy sales and revenue projected by MUPL in Format D-4A and found that average revenue realization projected by MUPL is Rs. 5.09 / kWh. As per the audited Annual Accounts of FY 2010-11, revenue realized from power sale is Rs. 10.37 crores for sales of 19.75 MU. Accordingly, average revenue realization at existing tariff works out at Rs. 5.25 / kWh. The Commission accordingly computes the revenue of Rs. 67.88 crores for the sales of 129.31 MU.

The Commission approves the revenue from sale of power at existing tariff at Rs. 67.88 crore for sale of 129.31 MU during FY 2012-13.

3.3 Revenue gap and tariff proposal for FY 2012-13

Petitioner's submission

MUPL has projected the ARR for FY 2012-13, revenue from existing tariff for FY 2012-13 and the revenue gap for FY 2012-13 as given in Table 3.1 above.

MUPL has submitted that if the revenue gap of Rs. 17.94 crore has to be fully recovered in FY 2012-13, it would result in a massive hike in tariff by over 25%

resulting in tariff shock to the consumers of MUPL. However, MUPL will endeavor to keep the impact on the consumers to the minimum possible extent. So, it has proposed to partly recover the gap through revision in energy charges from Rs. 3.00 to Rs. 3.25 / unit for "demand based category" applicable from FY 2012-13.

The MUPL has, therefore, requested the Commission to allow revision in energy charge from Rs. 3.00 / unit to Rs. 3.25 / unit for demand based permanent supply category applicable for FY 2012-13.

MUPL has estimated the revenue from the proposed tariff at Rs. 69.04 crore leaving a gap of Rs. 14.73 crore as given in Table 3.3 below:

Table 3.3: Revised revenue and revenue gap for FY 2012-13

(Rs. crore)

Sr. No	Particulars	FY 2012-13
1.	Approved ARR for FY 2012-13	83.77
2.	Revenue from proposed tariff for FY 2012-13	69.04
3.	Revenue gap – surplus / (Deficit)	(14.73)

MUPL has requested that the gap of Rs. 14.73 crore for FY 2012-13 and Rs. 3.74 crore for FY 2010-11 be treated as "Regulatory Asset".

Commission's Analysis

The Commission has examined the proposal of MUPL. Commission approved the ARR for FY 2012-13 at Rs. 83.77 crore. As stated earlier, the ARR approved under MYT (Multi Year Tariff) Regulations, 2011 for each year of the control period could be revised only under 'Truing-up' for the year.

The ARR for FY 2012-13, the revenue with existing tariff for FY 2012-13 as approved in para 3.2 above, and the revenue gap as approved by the Commission is given in Table 3.4 below:

Table 3.4: Revenue gap approved by the Commission for FY 2012-13

(Rs. crore)

Sr. No	Particulars	FY 2012-13
1.	ARR for FY 2012-13	83.77
2.	Revenue with existing tariff for FY 2012-13	67.88
3.	Revenue gap	(15.89)
4.	Add: Revenue gap approved in Truing-up of FY 2010-11.	(1.11)
5.	Total Revenue Gap	(17)

3.4 Determination of Tariff for FY 2012-13

Commission's decisions

As discussed above, MUPL has submitted that revision of tariff to meet the entire revenue gap of Rs. 17.94 crore would result in tariff shock and therefore requested the Commission to revise the energy charges for demand based category from Rs. 3.00 / unit to Rs. 3.25 / unit for FY 2012-13 leaving a revenue gap of Rs. 14.73 crore. MUPL has requested that the revenue gap of Rs. 14.73 crore along with the gap of Rs. 3.74 crore for FY 2010-11 be treated as "Regulatory Asset".

In this case, MUPL is developing the network considering further development plan in the SEZ area. Initially the cost of supply and distribution losses would be high due to idling of network and the network would not be developed to optimum level. The operating expenses might also increase as the area is new and development is yet to take place. If the tariff has to be revised to meet the entire revenue gap, it will result in undue burden on initial consumers.

The Commission considers the request of MUPL and revises the tariff of demand based category of permanent supply consumers from Rs. 3.00 / unit to Rs. 3.25 / unit with an estimated additional revenue of Rs. 3.21 crore resulting in Rs. 71.09 crore (67.88+3.21) revenue for FY 2012-13 with revised tariff. The other categories of consumers are few and their consumption levels are low.

The ARR for FY 2012-13, the revenue with revised tariff for FY 2012-13 and the revenue gap as approved by the Commission are given in table 3.5 below:

Table 3.5: Revenue gap with revised tariff approved by the Commission for FY 2012-13

Sr. No	Particulars	FY 2012-13
1.	ARR for FY 2012-13	83.77
2.	Revenue with revised tariff for FY 2012-13	71.09
3.	Revenue gap	(12.68)
4.	Add: Revenue gap approved in Truing-up of FY 2010-11.	(1.11)
5.	Total Revenue Gap	(13.79)

The Commission, however, does not consider the request of MUPL to treat the remaining gap of Rs. 13.79 crore including the carryover gap of Rs. 1.11 crore from FY 2010-11 as "Regulatory Asset". It is most likely, as the SEZ develops, more entrepreneurs might come forward to establish their units in the SEZ in the event of better service and relatively lower tariff. The consumption levels of the existing consumers and the prospective consumers may also go up with corresponding increase in the revenue, reducing the gap substantially. Therefore, the Commission has left the gap, even with the revised tariffs, as it is and this will be considered in the Truing-up for FY 2012-13 based on audited accounts and appropriate decision would be taken.

The revised tariff schedule is given in Annexure 1.

3.5 Determination of Wheeling Charges

In accordance with Regulation 88.1 of GERC Regulations, 2011 the Commission shall specify the wheeling charges for distribution wire business of the distribution licensee in its order passed under section (3) of section 64 of the Electricity Act, 2003.

The allocation matrix for distribution, wheeling and retail supply business as per GERC (MYT) Regulations, 2011 are given in Table 3.5 below:

Table 3.6: Allocation Matrix for distribution and retail supply business approved by the Commission

Sr. No	Particulars	Wheeling (%)	Supply (%)	Total (%)
1.	Power purchase expenses	0	100	100
2.	Employee expenses	60	40	100
3.	Repairs and Maintenance expenses	90	10	100
4.	Administrative and General expenses	50	50	100
5.	Depreciation	90	10	100
6.	Interest on long term loans	90	10	100
7.	Interest on security deposit	10	90	100
8.	Interest on working capital	10	90	100
9.	Provision for bad debts	0	100	100
10.	Contingency reserve	100	0	100
11.	Income Tax	90	10	100
12.	Return on equity	90	10	100
13.	Non-tariff income	10	90	100

Based on the above matrix the ARR approved is allocated between distribution and retail supply business for FY 2012-13 as shown Tables 3.6 and Table 3.7 below:

Table 3.7: ARR for determination of wheeling charges for FY 2012-13

(Rs. crore)

Sr. No.	Particulars	Approved ARR for FY 2012-13
1.	Power purchase expenses	0.00
2.	O&M expenses	3.32

Sr. No.	Particulars	Approved ARR for FY 2012-13
3.	Depreciation	5.31
4.	Interest on long term loans	7.03
5.	Interest on security deposit	0.07
6.	Interest on working capital	0.00
7.	Provision for bad debts	0.00
8.	Contingency reserve	0.29
9.	Income Tax	0.00
10.	Revenue expenditure	16.02
11.	Return on equity	4.40
12.	Less: Non-tariff income	0.01
13.	ARR	20.41

Table 3.8: ARR for Retail Supply Business for FY 2012-13

(Rs. crore)

Sr. No.	Particulars	Approved ARR for FY 2012-13
1.	Power purchase expenses	58.67
2.	O&M expenses	2.22
3.	Depreciation	0.59
4.	Interest on long term loans	0.78
5.	Interest on security deposit	0.66
6.	Interest on working capital	0.00
7.	Provision for bad debts	0.00
8.	Contingency reserve	0.00
9.	Income Tax	
10.	Revenue expenditure	62.92
11.	Return on equity	0.49
12.	Less: Non-tariff income	0.05
13.	ARR	63.36

3.6 Wheeling Charges

The network of MUPL is still developing, and MUPL has not provided the details of 33 kV, 11kV and LT network and it is also a small network. In view of this the Commission has computed the wheeling charges for the entire network without segregating into 33 kV, 11kV and LT network as it is a small network. The wheeling charges for FY 2012-13 are given in Table 3.8 below:

Table 3.9: Wheeling charges for the entire network

Sr. No	Particulars	Units	Amount
1.	Total distribution costs (wheeling cost)	Rs. crore	20.41
2.	Energy input	MU	140.18
3.	Wheeling charges (1/2)	Rs./kWh	1.46

3.7 Cross Subsidy Surcharge

The cross subsidy surcharge of MUPL is arrived at based on the formula given in the National Tariff Policy.

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

S : Surcharge

T : Tariff payable by the relevant category of consumer

C : Weighted average cost of power purchase of top 5%

D : Wheeling charges

L : System loss applicable

S : 5.34 – [4.01 (1+7.75/100) + 1.46] = 5.34 – 5.78 = (-) 0.44

Since the cross subsidy surcharge according to the above calculation works out to be negative, there will not be any cross subsidy surcharge for MUPL area for FY 2012-13.

3.8 Fuel Price and Power Purchase Adjustment (FPPPA)

The Commission has already approved a formula for fuel and power purchase adjustment for the distribution companies to recover costs from consumers for any variation in the fuel and power purchase costs in the order dated 25th June, 2004 (Case No. 252/2003). As MUPL has no own generating station, the Commission modifies the existing formula for recovery of any variation in power purchase cost by MUPL as under:

$$\textbf{FPPPA} = [\,PPP_1 + PPP_2\,] \div [S.E.]$$

Where,

$$PPP_1 = \sum_{m=1}^{k} [(VC_A - VC_B) \times Q_A] \,;$$

Where,

PPP_1	Adjustment on account of variable cost of power purchased in Rs. Millions
m	1 to k, the sources from which power is purchased
VC_A	Is the variable cost per unit of delivered energy, computed based on the principles laid down in the power purchase agreements in Rs. / KWh
VC_B	Is the base variable cost per unit of delivered energy from each source in Rs. / KWh
Q_A	Is the actual level of power purchases from each source in million units.

$$PPP_2 = \sum_{m=1}^{k} [(FC_A - FC_B)]$$

Where,

PPP₂	Adjustment on account of fixed cost of power purchased in Rs. Millions
m	1 to k, the sources from which power is purchased
FC_A	Is the actual fixed cost paid in Rs. Millions
FC_B	Is the base fixed costs payable in Rs. Millions

and

S.E. (in MU) = [(Total Sales in MU + Excess T & D loss in MU)]

Where,

Total Sales = Actual energy sold to metered categories in MU + Estimated energy supplied to un-metered consumers based on norms approved, in MU

Excess T & D loss in MU=
{(Net Generation in MU + Power Purchase in MU – Total sales in MU)} -
{(Net Generation in MU + Power Purchase in MU) X (%T& D loss Norm)}

Where,

% T & D loss Norm = % T & D loss level approved by the Commission.

Base price of power purchase

The MUPL shall adopt the above formula for FY 2012-13, with the base price of power purchase at Rs. 4.01 / kWh. MUPL may claim any variation in the power purchase price as per the modified formula.

Information regarding FPPPA recovery and the FPPPA calculations submitted to the Commission for approval shall be kept on website of MUPL as and when such proposal is submitted by MUPL.

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

For any claim of FPPPA, the documents for approval of FPPPA shall be submitted to the Commission within one month from end of the relevant quarter.

4. Compliance of Directives

4.1 Compliance of earlier Directives

The Commission in its tariff order dated 18th August, 2011, had issued certain directives to MUPL, which has submitted a compliance report on the directives issued in the current Petition for approval of True up for FY 2010-11 and determination of tariff for FY 2012-13.

The Commission's comments on the status of the directives by MUPL are given below. The Commission has also given fresh directives to the licensee, where required.

Directive-1: Power Procurement

The MUPL shall immediately initiate action, if it is not already done, to invite bids for power procurement as per Government of India guidelines for a period of 4 to 5 years indicating the yearly requirement. MUPL is also directed to submit the bid documents, statement of bids received and proposal for purchase of power to the Commission for its approval.

Action taken shall be reported to the Commission before the end of September, 2011.

Compliance

Actions were initiated by MUPL to invite bids for power procurement on Medium term basis for FY 2012-13 to FY 2015-16 as per Standard Bid Document guidelines issued by Ministry of Power, Government of India.

Commission's comment

The action is noted. MUPL shall complete the bidding process early and submit the report on the bidding process followed, the rates obtained and finalized early.

Directive-2: Assessment of Distribution Losses

MUPL has projected distribution loss of 8.0% for 2011-12 with 0.25% reduction during each year of the control period. The Commission has approved the loss level of 8.0% for 2011-12, since it is the initial year of operation and MUPL has no means of measuring the loss.

The MUPL is directed to conduct energy audit by providing meters on all feeders and transformers to establish the loss level in the system. Energy audit shall be taken up immediately and the actual losses data be furnished within six months.

Projection of distribution loss without proper energy audit will not be accepted.

Compliance

Steps to conduct the energy audit are initiated by MUPL by providing meters on all feeders and transformers to establish the loss level in the system. Actual loss data will be submitted in due course of time.

Commission's comments

Action taken is noted. The actual loss level of the transmission and distribution system of MUPL for FY 2011-12 arrived at based on energy audit shall be submitted by September 2012.

Directive-3: Business Plan

The MUPL shall submit a "Business Plan" for the control period keeping in view the GERC (Multi-Year Tariff) Regulations, 2011 by September 2011.

Compliance

MUPL had submitted the Business Plan for the control period keeping in view the GERC (Multi-year Tariff) Regulations, 2011 vide letter no. MUPL/GERC/MYT Directives/29092011 dated 29th September, 2011.

Commission's comments

Business plan is received.

Directive-4: Map of Mundra Special Economic Zone

The MUPL is directed to furnish a scaled map of Mundra SEZ with the licensed area of power supply. It should mark the interface points of power supply with existing and proposed network and the areas where the industries are likely to come up etc., for information of the Commission.

Compliance

The scaled map of Mundra SEZ with the licensed area indicating interface points of Power supply with existing and proposed network and the areas where the Industries are likely to come had been submitted for the kind information of the Commission vide letter No. MUPL/GERC/MYT Directives/29092011 dated 29th September, 2011.

Commission's comment

Map is received.

4.2 Fresh Directives

Directive-1: Details of Network

MUPL is directed to furnish the details of network at 33 kV, 11 kV and LT along with voltage-wise costs to arrive at voltage-wise wheeling charges in the next tariff petition.

Commission's Order

The Commission approves the Aggregate Revenue Requirement (ARR) for MPSEZ Utilities Private Limited (MUPL) for FY 2012-13 as shown in the following Table:

(Rs. crore)

Sr. No.	Particulars	Approved ARR for FY 2012-13
1.	Power purchase expenses	58.67
2.	O&M expenses	5.54
3.	Depreciation	5.90
4.	Interest on long term loans	7.81
5.	Interest on security deposit	0.73
6.	Interest on working capital	-
7.	Provision for bad debts	-
8.	Contingency reserve	0.29
9.	Income Tax	-
10.	Revenue expenditure	78.94
11.	Return on equity	4.89
12.	Less: Non-tariff income	0.06
13.	**ARR**	**83.77**

The Commission approves the Retail Supply Tariff in accordance with the Tariff Schedule annexed to this order. This order shall come into force with effect from the 1st June 2012. The revised rate shall be applicable for the electricity consumption from the 1st June 2012 onwards.

Sd/-	Sd/-	Sd/-
DR. M.K. IYER	**SHRI PRAVINBHAI PATEL**	**DR. P.K. MISHRA**
Member	Member	Chairman

Place: Ahmedabad

Date: 2nd June 2012

Annexure I

Tariff Schedule for FY 2012-13

Tariff Schedule for Mundra Port and SEZ License area of

MPSEZ Utilities Private Limited

Effective from 1st June, 2012

General Conditions

1. This tariff schedule is applicable to all the consumers of MUPL in License area of Mundra SEZ.
2. All these tariffs for power supply are applicable to only one point of supply.
3. The meter charges shall be applicable as prescribed under GERC's (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulation, 2005.
4. The energy bills shall be paid by the consumer within 10 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date of bill to the date of payment of bill.
5. The power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
6. The various provisions of the GERC's (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulation, 2005 will continue to apply.
7. The charges specified in the tariff are on monthly basis, MUPL shall adjust the rates according to billing period applicable to consumer.
8. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo -Watt (HP or kW) as the case may be.

10. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).

11. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.

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

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

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

15. Payment of penal charges for usage in excess of contract demand/load for any billing period does not entitle the consumer to draw in excess of contract demand/load as a matter of right. The levy of penal charge is in addition to other rights of MPSEZ Utilities Private Limited under the provisions of the Electricity Act, 2003 and regulations notified thereunder.

16. The Fixed charges, Minimum charges, Demand charges, Meter rent and the slabs of consumption of energy for Energy Charges mentioned shall not be subject to any adjustment on account of existence of any broken period within Billing Period arising from consumer supply being connected or disconnected any time within the duration of Billing Period for any reason.

17. 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.

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

19. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations

notified under the Electricity Act-2003 and MUPL shall be entitled to take any other action deemed necessary and authorized under the Act.

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

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

1. RATE: Residential

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

1.1 FIXED CHARGE

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

1.2 ENERGY CHARGE

(i)	First 250 units consumed per month	375 Paise per Unit
(ii)	Remaining units consumed per month	425 Paise per Unit

1.3 MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 1.1 above.

2. RATE: Commercial (Non Demand)

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

2.1 FIXED CHARGE

Single Phase Supply	Rs. 100 per month per installation

2.2 ENERGY CHARGE

(i)	First 150 units consumed per month	425 Paise per Unit
(ii)	Remaining units consumed per month	450 Paise per Unit

2.3 MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 2.1 above.

3. RATE: Commercial (Demand)

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

3.1 FIXED CHARGE

A) For Billing Demand upto and including the Contract Demand

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

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis	125 Paise per Unit

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

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. Six kVA

3.2 ENERGY CHARGE

A flat rate of	325 Paise per Unit

3.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

3.4 MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 3.1 above.

4. RATE: Industrial (Non Demand)

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

4.1 FIXED CHARGE

Single Phase Supply	Rs. 100 per Month per Installation

4.2 ENERGY CHARGE

(i)	First 150 units consumed per month	400 Paise per Unit
(ii)	Remaining units consumed per month	425 Paise per Unit

4.3 MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 4.1 above.

5. RATE: Industrial (Demand)

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

5.1 FIXED CHARGE

A) For Billing Demand upto and including the Contract Demand

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

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis	125 Paise per Unit

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

i. Actual Maximum Demand established during the month OR
ii. Eighty – five percent of the Contract Demand OR
iii. Six kVA

5.2 ENERGY CHARGE

A flat rate of	325 Paise per Unit

5.3.POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

5.4.MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 5.1 above.

6. RATE: Street Lights

Applicable to lighting systems for illumination of public roads.

6.1.ENERGY CHARGE

A flat rate of	375 Paise per Unit

7. RATE: Temporary

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

7.1 FIXED CHARGE

A) For Billing Demand upto and including the Contract Demand

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

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis	125 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:
i. Actual Maximum Demand established during the month OR
ii. Eighty – five percent of the Contract Demand

7.2 ENERGY CHARGE

A flat rate of	400 Paise per unit

7.3.POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

7.4.MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 7.1 above.

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

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

8. RATE: HTMD - 1

This tariff is applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified in any other HT categories.

8.1 FIXED CHARGE

A) For Billing Demand upto and including the Contract Demand

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

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis	125 Paise per Unit

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

i. Actual Maximum Demand established during the month OR
ii. Eighty – five percent of the Contract Demand OR
iii. One hundred kVA

8.2 ENERGY CHARGE

A flat rate of	325 Paise per unit

8.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

8.4.MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 8.1 above.

9. RATE: HTMD -II

This tariff is Applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above for temporary period, A Consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

9.1 FIXED CHARGE

A) For Billing Demand upto and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f or Actual whichever is higher on monthly basis	100 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis	150 Paise per Unit

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

i. Actual Maximum Demand established during the month OR
ii. Eighty – five percent of the Contract Demand OR
iii. One hundred kVA

9.2 ENERGY CHARGE

A flat rate of	500 Paise per unit

9.3.POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

9.4 MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 9.1 above.