GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order:

Truing up for FY 2010-11 and

Determination of Tariff for FY 2012-13

For

Dakshin Gujarat Vij Company Limited

Suo - Motu Case No. 1195 of 2012

2nd June 2012

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सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

AHMEDABAD

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ANNEXURES

ABBREVIATIONS

A&G	Administration and General Expenses
AB Cable	Aerial Bunched Cable
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2011-12 to FY 2015-16
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MU	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi Year Tariff
O&M	Operations & Maintenance
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
PPPA	Power Purchase Price Adjustment
R&M	Repair and Maintenance
RLDC	Regional Load Desatch Centre
SBAR	State Bank Advance Rate
SBI	State Bank of India
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Ahmedabad

Suo - Motu Case No. 1195 of 2012

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 GERC notified MYT regulations 2011 on 22nd March, 2011. As per the provisions stipulated in regulation 29.8, licensees are required to file the petition for the truing up of FY 2010-11 and determination of tariff for FY 2012-13 latest by 30th November, 2011. The Dakshin Gujarat Vij Company Limited (hereinafter referred to as 'DGVCL' or 'licensee') requested the Commission to grant extension of time for filling the true up petition for FY 2010-11 as well as the tariff determination petition for FY 2012-13, the Commission granted extension for filing the petition up to January 31, 2012. DGVCL failed to file the petition even after the expiry of the time limit granted by the Commission. Consequently, the Commission initiated a suo-motu proceeding in this context.

The order is being passed in the suo-motu proceeding initiated by the Commission and on the basis of information provided by the DGVCL in its various submissions.

1.2 Dakshin Gujarat Vij Company Limited (DGVCL)

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

Generation	Gujarat State Electricity Corporation Limited (GSECL)
Transmission	Gujarat Energy Transmission Corporation Limited (GETCO)

Distribution Companies:

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

Gujarat Urja Vikas Nigam Limited (GUVNL), a holding company, is responsible for purchase of electricity from various sources and supply to Distribution Companies and other activities including trading of electricity.

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

1.3 Commission's order for the first control period

The Dakshin Gujarat Vij Company Limited filed its petition under the Multi-Year Tariff framework for the FY 2008-09, 2009-10 and 2010-11 on 31stJuly, 2008 in accordance with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007. The Commission, in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in this behalf and after taking into consideration the submissions made by DGVCL, the objections by various stakeholders, response of DGVCL, issues raised during the public hearing and all other relevant material, issued the Multi-Year Tariff order on 17thJanuary, 2009 for the control period comprising FY 2008-09, 2009-10 and 2010-11.

1.4 Commission's order for the second control period

The Dakshin Gujarat Vij Company Limited filed its petition under the Multi-Year Tariff framework for the FY 2011-12 to FY 2015-16, on 12th May 2011 in accordance with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011 notified by GERC on 22nd March, 2011.

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

1.5 Suo-motu proceeding for Truing up for FY 2010-11 & determination of tariff for FY 2012-13

As per provisions of Section 64 of the Act, it is incumbent upon the licensee to make an application to the State Regulatory Commission for determination of tariff in such manner as may be determined by Regulations framed by the Commission.

The GERC notified MYT Regulations 2011 on 22nd March, 2011. As per the provisions stipulated in regulation 29.8, licensees are required to file the petition for the truing up of FY 2010-11 and determination of tariff for FY 202-13 latest by 30th November, 2011.

DGVCL expressed difficulty regarding non-availability of revenue data due to implementation of the revised and restructured tariff approved by the Commission with effect from 1st September, 2011. Looking to the genuineness of the concern of DGVCL, the Commission extended the date of filing the petition till 20th December, 2011. Thereafter, DGVCL requested the Commission to grant extension of time till end of January, 2012 due to its inability to get the required revenue data and time period required for finalisation of tariff petition for FY 2012-13. The DGVCL also submitted that consultation with the Government of Gujarat for subsidy commitment would be possible only by the end of January, 2012. Considering the request of DGVCL, the Commission granted extension for filing the petition up to January 31, 2012. DGVCL failed to file the petition even after the expiry of the time limit granted by the Commission.

In the order on OP NO. 1 of 2011, Hon'ble APTEL has directed the State Commissions that " In the event of delay in filing of the ARR, truing-up and Annual Performance Review, one month beyond the scheduled date of submission of the petition, the State Commission must initiate suo-motu proceedings for tariff determination in accordance with Section 64 of the Act read with clause 8.1 (7) of the Tariff Policy."

In pursuance with the direction of the Honourable APTEL, powers conferred under Section 64 of the Indian Electricity Act, 2003 and Regulation 10.2 and 26.2 of the GERC (MYT Tariff Regulations, 2011) the Commission decided to initiate the suo-motu proceedings for True up of FY 2010-11 and tariff determination for FY 2012-13 for DGVCL as case no. 1195 of 2012.

The Commission intimated DGVCL vide letter dated 23rd February, 2012 to remain present on 28th February, 2012 and explain the reasons to the Commission for delay in filing the True up and tariff petition. DGVCL was also directed to submit the actuals of the FY 2010-11 for Truing up of ARR and projected revenue for FY 2012-13 from the sales approved in the MYT order.

During the hearing on 28th February, 2012, the DGVCL submitted that due to the uniform tariff structure adopted by the four Discoms, viz. DGVCL, MGVCL, PGVCL and UGVCL, the final submission of true-up data and projection for FY 2012-13 will be done only after consolidating the data of four Discoms and the consolidated data has been submitted to the GUVNL. GUVNL has referred the matter to the State Government in the context of subsidy.

DGVCL submitted the actuals for FY 2010-11 for true up along with the calculations of revenue gap for FY 2010-11 and the projected revenue for FY 2012-13 to the Commission during the hearing. The Commission issued the Oral order on 7th March, 2012 and directed DGVCL to give public notice inviting comments from various stake-holders, on the submission made before the Commission.

1.6 Public Hearing Process

In accordance with the Oral Order of the Commission, DGVCL published the Public Notice, inviting objections / suggestions from its stakeholders in the following newspapers on 15th March, 2012.

1. The Indian Express (English)
2. Sandesh (Gujarati)

The licensee also placed the public notice and the actuals for True up for FY 2010-11 on the website (www.dgvcl.com) for inviting objections and suggestions on its petition.

The interested parties/stakeholders were asked to file their objections / suggestions on the True up for FY 2010-11 on or before 16th April, 2012

The DGVCL / Commission received objections / suggestions from 8 consumers / consumer organisations. The Commission examined the objections / suggestions received and fixed the date for public hearing for DGVCL on 7th May, 2012 at Commission's office, Ahmedabad. Communication was sent to these objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted at Commission's Office in Ahmedabad on the scheduled date.

The names of the consumers / consumer organisations that filed their objections and the objectors who participated in the public hearing for presenting their objections are given in Annexure 1.1.

A short note on the main issues raised by the objectors in the written submissions and also during the public hearing in respect of the petition, along with the response of DGVCL and the Commission's views on the response are briefly given in Chapter 3.

1.7 Contents of this Order

This order is divided into nine chapters as under:

1. The **first chapter** provides a background of the licensee, the suo-motu proceedings, details of the public hearing process and the approach adopted for this order.
2. The **second chapter** contains a summary of DGVCL's submission for FY 2010-11.
3. The **third chapter** provides a brief account of the public hearing process, including the objections raised by various stakeholders, DGVCL's response and the Commission's views on the same.
4. The **fourth chapter** deals with the 'Truing up' for FY 2010-11.
5. The **fifth chapter** deals with the determination of Tariff for FY 2012-13
6. The **sixth chapter** deals with FPPPA charges.
7. The **seventh chapter** deals with computation of Wheeling Charges
8. The **eighth chapter** deals with compliance of directives
9. The **ninth chapter** deals with Tariff philosophy and Tariff approved for FY 2012-13

1.8 Approach of this order

The Multi-Year Tariff Regulations, 2007 provide for 'Truing up' of the previous year, Annual Performance Review (APR) for the current year and determination of tariff for the ensuing year. The Commission had approved the ARR for the three years of the first control period FY 2008-09 to FY 2010-11 in the MYT Order dated 17th January

2009. The Commission had approved the 'Truing up' for the year 2009-10 in the MYT order dated 6th September 2011.

In this order the Commission has considered the 'Truing up' for the FY 2010-11 and the determination of tariff for the FY 2012-13.

The Commission has undertaken 'Truing up' for the FY 2010-11 based on the submissions of the licensee. The Commission has undertaken the computation of gains and losses for the FY 2010-11 based on the audited annual accounts.

While truing up for FY 2010-11 the Commission has been primarily guided by the following principles:

1. Controllable parameters have been considered at the level approved as per the Tariff order unless the Commission considers that there are valid reasons for revision of the same.
2. Uncontrollable parameters have been revised based on the actual performance observed.

The Truing up for the FY 2010-11 has been considered based on the GERC MYT Regulations, 2007. For the determination of the ARR for FY 2012-13, the Commission has considered the ARR for FY 2012-13 as approved in the MYT order dated 6th September 2011.

Annexure 1.1

List of Organizations and individuals who filed objections/suggestions

Sl. No	Name
1	Indian Polyester Ltd.
2	Shri Shirishbhai Bokil, Baroda
3	Shri Amarsinh Chavda
4	Consumer Education and Research Society (CERS)
5	Indus Towers
6	Utility Users' Welfare Association (UUWA)
7	Western Railways
8	Shri Govindbhai Makanbhai Patel

List of participants present in the public hearing

Sl. No	Name
1	Shri Amarsinh Chavda
2	Consumer Education and Research Society (CERS)
3	Indus Towers
4	Utility Users' Welfare Association (UUWA)
5	Western Railways

2. A Summary of DGVCL's Submission

2.1 Actuals for FY 201-11 submitted by DGVCL

The Dakshin Gujarat Vij Company Limited (DGVCL) submitted the details on 24th February, 2012 of True up of FY 2010-11 and calculation of revenue estimates for FY 2012-13.

The details of expenses under various components of ARR for FY 2010-11 are given in the Table 2.1 below:

Table 2.1: Actuals submitted by DGVCL for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	Submitted in Truing Up
1	Cost of power purchase	4429.00
2	Operations and Maintenance expenses	194.00
2.1	Employee expenses	174.00
2.2	Repairs and maintenance expenses	20.00
2.3	Administration and general expenses	31.00
2.4	Other debits	3.00
2.5	Extraordinary items	0.00
2.6	Other expenses capitalised	(36.00)
2.7	Net prior period expenses	
3	Depreciation	105.00
4	Interest and finance charges	71.00
5	Interest on working capital	45.00
6	Provision for bad debts	37.00
7	**Sub-total (1 to 6)**	**4881.00**
8	Return on equity	54.00
9	Provision for tax / tax paid	25.00
10	Total expenditure (7 to 9)	4960.00

Sl. No.	Particulars	Submitted in Truing Up
11	Less: Non-tariff income	119.00
12	**Aggregate Revenue Requirement**	**4841.00**

2.2 Summary of ARR for FY 2010-11 and projected revenue for FY 2012-13

Table below summarises the estimated ARR submitted by the DGVCL for truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2010-11:

Table 2.2: Projected Revenue gap for FY 2010-11

(Rs. Crore)

Sl.No.	Particulars	FY 2010-11
1	ARR originally approved for FY 2010-11	4454.48
2	Gain/(Loss) on account of uncontrollable factor to be passed on to the consumer	(415.00)
3	Gain/(Loss) on account of controllable factor to be passed on to the consumer(1/3rd of total gain/loss)	10.00
4	Revised ARR for FY 2010-11(1-2-3)	4859.48
5	Total revenue from sales	4683.00
6	Other income (consumer related)	75
7	Total revenue excluding subsidy(5+6)	4758
8	Agriculture subsidy	47
9	Total revenue including subsidy(7+8)	4805.00
10	Revised gap after treating gains/losses due to controllable/uncontrollable factors(4-9)	54.48
11	Add: revenue loss /(Surplus) for FY 2009-10	(53.96)
12	Total revenue gap for FY 2010-11 (10+11)	0.52

Table below summarizes the total revenue projected by DGVCL from sale of power at the existing tariff for FY 2012-13:

Table 2.3: Projected revenue for FY 2012-13

(Rs. Crore)

Sl.No.	Particulars	FY 2012-13
1	Revenue from sale of power	4702
2	Revenue from FPPPA	667

Sl.No.	Particulars	FY 2012-13
3	Other income (consumer related)	63
4	Agriculture subsidy (expected from Govt. of Gujarat)	49
5	Total Revenue (1+2+3+4)	5481

3. Brief outline of Objections raised, response from DGVCL and Commission's view

In response to the public notice inviting objections/suggestions of the stakeholders on suo-motu proceeding for truing up for FY 2010-11 and determination of tariff for FY 2012-13, a number of consumers/consumer organisations filed their submissions in writing. Some of these objectors also participated in the public hearing held on the 7th May, 2012 jointly for DGVCL, MGVCL, UGVCL and PGVCL. The objections /suggestions, the responses and submissions of the licensee on them and the views of the Commission are indicated below. Submissions and responses, pertaining to specific and detailed aspects of tariff, have been taken into account in the formulation of an equitable tariff, balancing the interests of various stakeholders, even if they may not find place in this chapter.

1. Non-submission of Petition

Objection: Some of the stakeholders have pointed out that the DISCOMs have not filed the petition for True up for FY 2010-11 and determination of tariff for FY 2012-13.

Response of the Licensee: GERC has initiated suo-motu petition for truing up of FY 2010-11 and determination of tariff for FY 2012-13.

Commission's View: *The GERC notified MYT regulations 2011 on 22nd March, 2011. As per the provisions stipulated in regulation 29.8, licensees are required to file the petition for the truing up of FY 2010-11 and determination of tariff for FY 2012-13 latest by 30th November, 2011. The licensee did not file the true up petition for FY 2010-11 as well as the tariff determination petition for FY 2012-13. The order is being passed in a suo-motu proceeding initiated by the Commission and on the basis of information provided by the DGVCL in its various submissions.*

2. Uniform Tariff across various Discoms

Objection: Some of the stakeholders have pointed out that the tariff rate of the four DISCOM's should not be the same. The benefits of good performance of DGVCL and

MGVCL are not being transferred to the consumers and are used as cross – subsidy to PGVCL and UGVCL.

Response of the Licensee: The licensee has submitted that the four distribution companies are incorporated on the basis of zonal configuration. The licensee has further mentioned that since the 70% - 80% of the total cost incurred by DISCOM is for Power Purchase, which plays a major role in determining the Annual Revenue Requirement as well as Gap / (Surplus) for the DISCOM for a particular year. Since, the consumer profile and consumption profiles are different in the four distribution companies; the revenue earning capabilities of each of the DISCOMs differs resulting in different Annual Revenue Requirement. Therefore, to bring them to a level playing field the concept of differential Bulk Supply tariff (BST) was adopted by the Commission in the earlier Tariff Orders.

Commission's View: *The Commission has accepted differential BST in the MYT Order issued on 6th September, 2011 to keep uniform retail tariff across the four DISCOMs for some more time till the consumer profile in all the DISCOMs are at a comparative level.*

3. Variation in category-wise average revenue realization across DISCOMs

Objection: Some of the stakeholders have pointed out that the average realization for each category of consumers is different in all the four DISCOMs. The DISCOM's should be asked to explain this difference in average realization.

Response of the Licensee: The licensee has submitted that the revenue earned by the DISCOMs is a combination of Fixed Cost and Variable Cost. Variation in category wise Revenue/ Sales i.e. per unit cost of energy is mainly on account of fixed cost levied to the consumers. The fixed cost is a function of number of consumers and connected load in that particular category/slab. The number of consumers and connected load vary for categories across DISCOMs and hence the effect is seen in per unit cost of energy sold by DISCOMs.

Commission's View: *The Commission has noted the response of licensee.*

4. Distribution losses

Objection: The distribution losses of PGVCL and UGVCL have reduced from 35.20% to 28.10% and 23.95% to 6.91% respectively. The stakeholders have requested the Commission to direct the DISCOMs to explain the measures taken to reduce the losses and scrutinize the losses. Further, it is mentioned that the Jyotigram feeder losses in all the four DISCOMs are very high.

Response of the Licensee: The licensee has made the following submissions regarding action taken for reduction of technical and commercial losses during FY 2010-11 and FY 2011-12.

Activities for Technical Loss Reduction				
Particulars			2010-11	April 2011 to December 2011
Feeder Bifurcation		No.	39	56
Dist. Transformer Center Review		No.	419	93
Maintenance carried out	Village	No.	201	17
	HT	KM	21030.86	15353.4
	LT	KM	11719.67	7650.64
	T/C	No.	15995	14452
Providing of ABC		in KM	623.20	418.05
Providing of Insulated Conductor		in KM	157.25	26.31

Activities for Commercial Loss Reduction				
Particulars			2010-11	2011-12
Meter Replaced	1-phase	No.	41415	65237
	3-phase	No.	6576	8673
MMB Provided	1-phase	No.	123658	115842
	3-phase	No.	9815	11086
Sealing Done	1-phase	No.	144998	134002
	3-phase	No.	11193	14464
Wrapped Meter Inspected	1-phase	No.	8818	7395
	3-phase	No.	5220	4375
Checking	checked	No.	218679	197731
	detected	No.	11343	10845

Commission's View: *The Commission has noted the response of licensee. The licensee should intensify efforts for reduction of losses and is directed to reduce distribution losses as per the target set by the Commission.*

5. Increase in employees cost

Objection: Some of the stakeholders have pointed out that the Dearness Allowance (DA) and other allowances allowed by the state government are common for all the DISCOMs, but percentage increase in employee cost across DISCOMs is different.

The stakeholders have requested the Commission to direct PGVCL and DGVCL to explain the reason for the steep increase in the employee cost.

Response of the Licensee: The licensee has submitted that there has been substantial increase in some of the components of employee expenses like Basic Salary, HRA, Conveyance Allowance, Gratuity, Bonus and Staff Welfare Expenses compared to the previous FY 2009-10. Further, the directive from GoG for the sixth pay revision came into effect from 1st January 2006 which resulted in an average increase of around 28% to 30% in salaries. Also, an additional provision of gratuity was considered in FY 2010-11 which has resulted in increase in the employee cost as compared to approved cost by the Commission.

The licensee has also stated that the employee cost may differ from DISCOM to DISCOM due to the following factors:

- Consumer Mix in the area resulting in the number of employees required to serve the area;
- Demographic condition and the area in sq.kms to be served by the employees;
- Grade-wise bifurcation of the employees resulting in the increase in D.A. and other component of expenses;
- Different annual increment and fitment of basic pay on account of promotion to the employees;
- Different incentive based schemes and Bonus for the employees in each DISCOM;
- Difference in HRA Rate based on the number of employees serving in the tier-I, II or III type of cities;
- Conveyance allowance differs in each DISCOM based on the demographic condition of the area to be served.

Commission's View: *The Commission has noted the response of licensee. While projecting the employees cost for the first control period, Commission has considered the submissions made by the distribution companies for the base year i.e. FY 2007-08.*

It is observed by the Commission that all the licensees had not made the provision for the 6th pay commission in the FY 2007-08, which had resulted in variation in increase considered by the Commission while approving the employees cost for the base year. Hence, there has been uneven increase witnessed in the employees cost across DISCOMs for FY 2010-11.

6. Power purchase Cost

Objection: Some of the stakeholders have pointed out that the per unit power purchase cost varies from Rs. 2.52 per unit in case of PGVCL to Rs. 3.78 per unit in case of DGVCL.

Response of the Licensee: The licensee has submitted that the GUVNL purchases power from various sources, on behalf of all the DISCOMs. The PPA allocation is reviewed and revised as and when new capacity addition comes up, or based on the requirement of the DISCOMs. Since the DISCOMs have different and varied consumer mix and load profile, GUVNL adopted the approach of dynamic allocation of capacities with a view to maintaining uniformity of retail tariff across the areas of all DISCOMs. Hence, at the end of financial year, the power purchase cost is allocated by GUVNL out of the total pooled power purchase cost by following the Bulk Supply Rate Mechanism.

Commission's View: *The Commission has noted the response of licensee.*

7. Revenue gap

Objection: The revenue gap submitted by the DISCOMs should be rejected as they are not performing economically and the gap resulting from their inefficiency should not be transferred to the consumers.

Response of the Licensee: The licensee has submitted that the revenue gap calculated by the licensee in the submission made for true up of FY 2010-11 is in line with the MYT Regulations specified by the Commission and hence should be pass through.

Commission's View: *The Commission has examined the revenue gap from the point of view of reasonableness and prudence.*

8. Capital Expenditure

Objection: Some of the stakeholders have requested the Commission to direct the DISCOMs to provide certified copy of capital expenditure incurred by the DISCOMs. The independent Auditor should certify the capital expenditure under Section 128 of Electricity Act.

Response of the Licensee: The licensee has submitted that the Comptroller & Auditor General of India (C&AG), New Delhi has appointed M/s. Soni Jhawar & Co., Chartered Accountants, for carrying out Statutory Audit of DGVCL for FY 2010-11. After completion of Statutory Audit by the Statutory Auditor appointed by C&AG, the supplementary audit is also being carried out by AG Office, Ahmedabad on the basis of Audited Annual Accounts given by Statutory Auditors. Subsequently, Principal Accountant General, C&AG of India has carried out supplementary audit on the Accounts of the DGVCL for the year ended 31.03.2011 and given NIL comment under 619(4) of the Companies Act, 1956.

Commission's View: *The details of the capital expenditure have been furnished by the licensee in its submission dated 24th February, 2012 in the context of the suo-motu proceedings initiated by the Commission. The annual accounts are audited by the statutory auditors and the C&AG as mentioned above which reflects the capital expenditure and capitalisation. However, the Commission has also initiated an independent audit of the accounts of all the distribution licensees.*

9. Applicability of Lift irrigation tariff for agricultural purpose

Objection: Some of the stakeholders have suggested that the LTP-V Agricultural Tariff for 24 hours power supply should be extended to each and every farmer.

Response of the Licensee: The licensee has submitted that the rationale behind LTP –V tariff is for lifting water from surface water sources such as canal, river & dam and supplying water directly to the field of farmers for agricultural irrigation only. Further, this is to motivate the farmers for utilization of surface water and thereby to promote energy and water conservation particularly for the consumers in the command area of Sardar Sarovar Project area and such other mini irrigation system. Mainly such project or system requires 24 hours power supply and, therefore, a separate Tariff Category is provided. Since a specific tariff is provided for the surface water irrigation, the same cannot be extended for lifting water from ground water sources.

Commission's View: *The consumers are broadly categorised based on end use and tariffs are determined accordingly.*

10. Night hour concessional tariff

Objection: Some of the stakeholders have stated that the night hour benefit should be given on all units like peak hour units recovery.

Response of the Licensee: The licensee has submitted that the cost of supplying power at peak hours is significantly high. Thus, tariff structure is devised recognizing this fact and allowing recovery at higher rates for peak hour use. Moreover, the objective of giving night benefit to the consumer is to shift their demand to off peak hours and thereby to help the grid as well as to flatten the demand curve of the utility. But the consumers who otherwise consume energy throughout the day or as a part of their process they consume power during night hours cannot be considered to have made additional efforts to shift the load from peak hrs. Therefore, the night hours concession is given on the energy consumption during night hours in excess of one third of the total energy consumption of a particular month.

Commission's View: *It is true that night time consumers facilitate the reduction of peak demand, by shifting their demand to off peak period. They allow the base load equipment to be loaded optimally. The night hour concessional tariff can be extended to those consumers who have shifted significant quantum of consumption from peak hours to night hours.*

11. Applicability of Demand Charges on Night Tariff

Objection: Some of the stakeholders have stated that the night tariff should not have any demand charge. During the night demand is low and, therefore, the infrastructure is sub-optimally loaded. The fixed cost refers to peak cost.

Response of the Licensee: The licensee has submitted that the fixed charges are levied from the consumer to recover company's fixed cost which the company will incur irrespective of consumption and time of consumption by the consumer. Fixed charges mainly cover cost components like cost of infrastructure, employee cost, R&M cost, A&G cost etc., therefore any kind of discrimination among the tariff categories would lead to burden the other tariff categories. Thus, it is not appropriate to have different fixed charges for the consumers of the same class of category.

Commission's View: *It is true that night time consumers facilitate the reduction of peak demand, by shifting their demand to off peak period. They allow the base load equipment to be loaded optimally. However, full fix charge recovery for exclusive night time consumption tariff category ensures that the genuine consumer opt for this tariff category.*

12. **Power Factor Rebate**

Objection: Some stakeholders have requested the Commission that the PF rebate and penalty should be same. Also, the PF benefit should also be given towards fuel charges as Fuel Cost is also a part of Energy Charges.

Response of the Licensee: The licensee has submitted that the Power Factor penalty/ rebate are levied on "Energy Charges" only. The power factor incentive rate of 0.5% is fixed by the Hon'ble Commission in Review Petition no 1, 2 & 3 of 2007 filed by Western Railway. Further, the licensee has submitted that the principle behind the levy of FPPPA charges is to safeguard the DISCOMs from any increase in its power purchase cost by factors not controllable by it. Thus, in the case where a generator is unable to generate energy as estimated by the Hon'ble Commission while calculating the power purchase cost of the company, the DISCOMs should not have to bear any additional burden due to it. Therefore, it is not desirable to include FPPPA amount while giving rebate for better power factor.

Commission's View: *The objection and response are noted.*

13. Tariff for telecom towers

Objection: One of the stakeholders has demanded to create a new sub-category for telecom towers within Non-RGP category. Also, the objector has asked for computation of the category-wise tariff based on the category-wise cost of supply.

Response of the Licensee: The licensee has submitted that as per Electricity Act – 2003 clause 62 (3), Commission shall not, while determining the tariff, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Therefore, the demand of separate tariff category for telecom towers within Non-RGP category is unjust.

The licensee has submitted that the cost to Serve Report for FY 2009-10 is already submitted to the Commission for all DISCOMs by GUVNL. Regarding the tariff for different category of consumers, it is to state that the National Tariff Policy mentions the need for rationalization of tariff for various consumer categories such that it is more aligned to the cost of supply and in a band of ±20% of the average cost of supply.

Commission's View: *A separate tariff for telecom installations has to be viewed in the larger context of a comprehensive review of the tariff structure. Further, the Commission tried to determine the tariff for all the categories as per the existing ground realities and provisions of the Act and Policy.*

14. **Tariff for Railway Traction**

Objection: The existing tariff of the Railway traction be reduced and brought down to a reasonable level proportionate to the actual cost of supply of the DISCOMs. Further, the Western railway has requested that the cost of supply should be calculated separately for the EHT consumers as distribution losses will not be applicable and tariff should be determined as per the Tariff Policy i.e. ± 20% of average cost of supply.

Response of the Licensee: The licensee has submitted that there has been no revision of the energy charges of the railways since last seven tariff orders even though there has been substantial increase in the cost of operations and service for the utility and the rate of inflation. Moreover, the freight costs charged by the Railways for transportation of fuel have been increased substantially in the last couple of years.

Further, the licensee has submitted that most of the public sector utilities are working with the principle of subsidizing some part of the consumers. It is not possible for the utility to bill a particular category on the basis of cost to serve without changing the tariff of the other categories of consumer.

The cost of supply has been worked out considering revised Annual Revenue Requirement for FY 2010-11 for Rs. 4860 Crore and the units sold at 9837 MU. The average cost of supply works out to Rs.4.94 per unit and 120% of average cost of supply works out to Rs.5.93 per unit. The difference between the average cost of supply and the average realization and the difference for Railway Traction category is shown here under:

Categories	FY 2010-11 (Rs/kWh)		
	Average Realization as per annual accounts (including FPPPA)	120 % Average Cost of Supply [ACS]	Difference of Average Realization and ACS
Railway Traction	5.59	5.93	-0.34

So, the difference of Average Realization and ACS is in a band of ±20 % as above.

Commission's View: *The objection and response are noted.*

15. Mismatch between Annual Accounts and certain items of ARR

Objection: The objector has pointed out the following discrepancies in DGVCL's Suo-motu Petition.

a. Cost of Power Purchase: The amount shown in ARR for FY 2010-11 is Rs. 4429 Crore and that in the P&L statement in annual report of FY 2010-11 is Rs. 4881 Crore.

Response of the Licensee:

The licensee has submitted that the deviation in cost of power purchase is due to netting of Power sold to GUVNL and UI. The detailed breakup of power purchase available in audited accounts and that submitted in true up of FY 2010-11 in terms of cost and MUs is shown in the table below.

Sl. No.	Particulars	Amount (Rs. Crore)	Energy (MUs)
1	Power Purchase from GUVNL	4760	12401
2	Power Purchase from others (Wind, Reactive Energy charges)	3	12

Sl. No.	Particulars	Amount (Rs. Crore)	Energy (MUs)
3	UI Import	118	370
4	Total Power Purchase	4881	12783
5	Power sold to GUVNL	397	938
6	UI Export	55	141
7	Net Power Purchase cost	4429	11704

b. **Depreciation Charges:** The amount shown in ARR for FY 2010-11 is Rs. 105 Crore and that in the P&L statement in annual report of FY 2010-11 is Rs. 93 Crore.

Response of the Licensee:

The licensee has submitted that the depreciation in true up of FY 2010-11 is calculated as per depreciation rates determined by CERC for different asset class and hence does not match with annual accounts. The following table shows the detailed calculation of Depreciation as per CERC rates.

Sr. No.	Particulars	FY 2010-11 Actuals			
		Depreciation at Beginning of Year	Rate of Depreciation	Depreciation during the Year	Depreciation at End of Year
1	Land & Land Rights	-		-	-
2	Buildings	1.78	3.34%	0.32	2.10
3	Hydraulic Works	0.05	5.28%	0.01	0.06
4	Other Civil Works	2.19	3.34%	0.41	2.59
5	Plant & Machineries	80.77	5.28%	23.50	104.27
6	Lines & Cable Net Works	292.47	5.28%	78.88	371.35
7	Vehicles	0.31	9.50%	0.12	0.44
8	Furniture & Fixtures & Electrical Lightings	0.93	6.33%	0.27	1.20
9	Office Equipments	2.78	6.33%	1.02	3.79
	Total Depreciation	**381.28**		**104.52**	**485.81**

c. Interest and Finance Charges

The amount shown in ARR for FY 2010-11 is Rs. 116 Crore and that in the P&L statement in annual report of FY 2010-11 is Rs. 86 Crore.

Response of the Licensee:

The licensee has submitted that the interest on loan is calculated on normative basis as per the weighted average rate of interest applied on average of closing balance of loans last year and this year. The detailed calculation of Interest and Finance Charges are shown in the table below.

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (submitted in Truing up)
1	Opening loans	304
2	New loan during the year	19
3	Repayment during the year	30
4	Closing loans	293
5	Average loans	299
6	Interest on loans	30
7	Interest on security deposit	36
8	Guarantee charges	5
9	Total interest & finance charges	71
10	Weighted average rate of interest	9.95%

d. Other Expense Capitalized

The amount shown in ARR for FY 2010-11 is Rs. 36 Crore and that in the P&L statement in annual report of FY 2010-11 is Rs. 39 Crore.

Response of the Licensee:

The licensee has submitted that the other expense capitalized submitted in Table 13 of Annexure I in True up of FY 2010-11 is exclusive of amount of interest capitalized during the year of Rs. 2.89 Crore which is included in the audited annual accounts.

Commission's View: *The objection and response are noted.*

16. FPPPA Charges

Objection: DISCOMs in Gujarat are charging very high FPPPA charges and increasing the same day by day, whereas no other SEBs have done like this, while the hike in fuel prices equally implies to all States. Hence, it is not justified to levy steeply hiked FPPPA.

Response of the Licensee: The FPPPA charges are calculated as per the formula approved by Hon'ble Commission and recovered as per the order of the Hon'ble Commission.

Commission's View: *The licensee is entitled to recover increase with reference to the base price approved by the Commission in the Tariff Order during the year from the consumers as per the FPPPA formula. The Commission would like to highlight that the APTEL vide its order dated 11th November, 2011 has asked the State Electricity Regulatory Commissions in India to pass the power purchase hike to the consumers preferably on monthly basis.*

17. Simultaneous Maximum Demand (MD) for Railways

Objection: The representative of railways has requested that the demand charges should be based on Simultaneous Maximum Demand recorded at various traction substations. If not, railway traction tariff should be made a single part tariff.

Response of the Licensee: The licensee has submitted that for motive power consumer two part tariff is universally accepted i.e. Fixed/Demand charges & Energy charges. As such, the company incurs substantial "fixed costs" in maintaining the power supply to consumers apart from the energy/ variable charges it pays for the energy bought by it. These fixed costs include fixed charges paid to power plants, recurring costs of capital expenditure such as interest costs, depreciation and other O&M expenses etc. In respect of the above, It is submitted that the Appellant's request that the Demand Charges be based on the Maximum Demand recorded at all the Railway Traction Sub-Station [TSS] of the DISCOMs is not reasonable due to the fact that the distribution network has to service to the maximum local demands and hence, investments are triggered by the local (in other words, non-coincident/separate) peaks in demand.

Commission's View: *The objection and the response are noted.*

18. Power purchase cost in comparison to NTPC

Objection: DGVCL's cost of power purchase come to Rs. 3.78/ unit , whereas M/S NTPC have submitted in their annual report of 2010-11 that NTPC is preferred power supplier and average cost of power remained as Rs. 2.63/unit. Although M/S DGVCL purchase power from different sources at different rates, still one can think of that present power purchase cost is very high in comparison to NTPC power.

Response of the Licensee: DGVCL has submitted that the average cost of power submitted by NTPC at Rs. 2.63 /unit for FY 2010-11 is the power at the generation bus bar. This power is then subjected to interstate and intrastate transmission losses which adds up to the cost of power. Also direct comparison with NTPC is not the right way to compare Power Purchase Cost since Distribution companies purchase power from different sources at different rates.

Commission's View: *The objection and the response are noted.*

19. Accounting Statements

Objection: Accounting Statement is not as per the clause 2.1 and 5.2 of the MYT Regulations, 2007. There is no Auditor's Certificate, Cash Flow Statement.

Response of the Licensee: The truing up for FY 2010-11 has been submitted to GERC in the Suo-motu petition based on the Audited Annual Accounts of FY 2010-11. Further, Audited Annual Accounts has been put up on the company's web site – www.dgvcl.com.

Commission's View: *The objection and the response are noted.*

20. Quantum of Power Purchase

Objection: Details of Quantum of Power purchased from GSECL units and other than GSECL units, through GUVNL.

Response of the Licensee: The licensee has furnished the station wise details of power purchased through GSECL and other than GSECL through GUVNL. DGVCL has also submitted that GUVNL trades power on behalf of the Distribution Company. Therefore, if total power purchased by Discom is considered, it matches with the total power purchased by GUVNL.

Commission's View: *The objection and the response are noted.*

21. Legal Status of GUVNL for procurement of power

Objection: Some of the stakeholders have sought the clarification regarding the legal status of GUVNL. It is also mentioned that GUVNL buys power and sells to DISCOMs after adding profit.

Response of the Licensee: The licensee has stated that GUVNL has been incorporated as a successor entity to the erstwhile Gujarat Electricity Board (GEB) pursuant to a transfer scheme notification issued under the provisions of the Gujarat Electricity Industry (Re-organization and Regulation) Act, 2003 and the Electricity Act, 2003. It is mentioned by the licensee that GUVNL has been given authority to buy power and sell it as bulk to DISCOMs without adding any profit.

Commission's View: *The status of GUVNL has been examined by the Commission in its order dated 30th January, 2012 in the case of GUVNL vs. PTC in petition no.1076 of 2011. .*

22. Uniform applicability of Transmission losses across Discoms

Objection: Some stakeholders have pointed out that the same level (4.12%) of the transmission loss should not be imposed in all the four DISCOMs.

Response of the Licensee: The licensee has stated that intra state transmission loss is being applied as per Postage Stamp Method. Therefore, it is same for all the Distribution Companies.

Commission's View: *The objection and the response are noted.*

23. Agriculture feeders

Objection: One of the stakeholders has stated that there is low voltage in agriculture feeders. Higher capacity of motor is required to be installed to work at low voltage. This attracts penalty under section 126 of the Electricity Act, 2003.

Response of the Licensee: The licensee has submitted that agriculture feeders have been separated out from the Rural Category feeders by the company while implementing the JGY Scheme. Now Agriculture Category Consumers are fed through exclusive feeders i.e. Agriculture Dominant feeders. Therefore, and with the increase in generation in the state, overall voltage profile has improved substantially.

Commission's View: *The licensee needs to avoid low voltage and should ensure the quality of supply to the agricultural sector.*

24. Recovery of FPPPA

Objections: Some of the stakeholders have raised the following issues regarding methodology for recovery of FPPPA**:**

a. Some of the stakeholders have raised the issue of overcompensation of FPPPA charge in the bills assessed under section 126 and 135 of Electricity Act, 2003;

b. Further, in the context of FPPPA large number of cases have been filed in High Court for charging three times the excess demand registered by CPPs. The plea taken by the distribution licensees in all the petitions filed in High Court is that costly power is purchased due to infringement of few hundred kW by such CPPs;

c. Some stakeholders also stated that the FPPPA formula has losses compensation factor, which is based on losses of about 33 %. The formula makes no distinction between 11 kV, 66 kV, 132 kV or 220 kV. The consumers who are connected at 220 kV will be at a loss level of 2 % but ends up paying for 33 % loss.

Response of the Licensee:

The licensee has submitted the point wise reply as under:

a. The FPPPA is a part of tariff and, therefore, while assessing bill under section 126 or 135, applicable FPPPA charges are taken into account.

b. The existing FPPPA formula does not take into account the entire impact of variation in incremental power purchase cost paid by the company. Variation in fixed cost and obligations on account of UI transactions are not built into the FPPPA formula. The principle behind the levy of FPPPA charges is to safeguard the DISCOMs from any increase in its power purchase cost by uncontrollable factors. Thus, in the case where a CPP is unable to generate energy as estimated by the Commission while calculating the power purchase cost of the company, the DISCOMs should not have to bear any additional burden due to it.

c. The proposal to charge different FPPPA based on the voltage level at which consumers are connected will be difficult to implement. It is submitted that there has been no detailed study undertaken to assess voltage wise losses. Technical and commercial losses are yet to be segregated and quantified voltage wise. The voltage-wise cost of supply identified based on the annual accounts, assuming certain percentage of voltage-wise losses without proper load flow studies cannot be taken into consideration for the calculation of FPPPA proportionately based on the voltage level.

Commission's View: *The objection and the response are noted.*

25. Inspection of consumer premises

Objection: Some of the stakeholders have complained that it appears everyone who holds identity card of the licensee or of GUVNL is entitled to inspect premises of consumers irrespective of his position or qualification and advice raising bill. GERC may clarify who can inspect and who can raise bills like some SERCs have done to limit illegal extraction.

Response of the Licensee: The licensee submitted that Government of Gujarat has vide Order dated 5^{th} June 2004 designated officers of the Company for exercising powers of Assessing Officer under Section 126 within the area specified and exercising the power under sub-section 135 within the area specified.

Commission's View: *The licensee should ensure that the inspection of the consumer premises is done only by the designated officers.*

26. Electronic meters

Objection: Some of the stakeholders have stated the performance of electronic meters is not satisfactory. The software in the meters is not only what is put in specifications but a lot more is conveyed orally.

Response of the Licensee: The licensee stated that the meter supplier supplies meter as per A/T Conditions, issued following provisions of relevant IS. Further, no oral specification is conveyed to any of the supplier.

Commission's View: *The apprehension of the objector and the response of the licensee are noted. If any specific instance of malfeasance comes to light, the meters could be got tested. Electronic meters are being used by all the utilities.*

27. Security Deposits

Objection: Some of the stakeholders have stated that the security deposits calculation formula based on load factor needs revision.

Response of the Licensee: The licensee has stated that security deposit is recovered from the consumer as per the provision of Security Deposit Regulations notified by the Commission

Commission's View: *The objection and the response are noted. The security deposit has to be collected as per the applicable Regulation.*

28. Rampant abuse of Section 126 and 127 of EA-2003

Objection: The consumer is harassed by the expression "Proportionate Units" at para 10 (ii) in the amendment dated 25th September, 2006 to the supply code.

Response of the Licensee: The licensee stated that under the "Connected Load Base Tariff" consumer can connect as much load as contracted. However, in case where units consumed are duly metered, no additional units are worked out either as per ABCD formula or on Proportionate Basis. Assessment on the basis of proportionate units is carried out only when the units consumed are duly metered and connection is found to be utilized other than for the authorized purpose or place.

Commission's View: *The objection and the response of the licensee are noted. In case of any grievance against assessment under section 126 the consumer may approach the appropriate Appellate authority as provided in section 127 of the Act.*

29. Applicable penal tariff for Unauthorized Use of Energy in HT category

Objection: If a HT consumer is found to be using load not authorized by the licensee, HTP III tariff is applied to the proportional units and demand. The HT consumer may be under HTP I or HTP II tariff, but penal component of energy and demand attracts HTP III tariff.

Response of the Licensee: The licensee stated that provision of "Unauthorized Use of energy" are applied only when provisions of section 126 are attracted and the issue is dealt with according to the provisions of Act and Regulations.

Commission's View: *The objection and the response are noted.*

30. Release of Additional Demand to the consumers

Objection: One of the objectors has pointed out that the DISCOMs are using improper methods for releasing additional load to the consumers. It is stated that the capacity of distribution transformer is decided based on the connected load on records of the licensee and not by the maximum demand recorded by the meter installed on the distribution transformer. Further, the objector has stated that the MD governed tariff is more scientific and should be used.

Response of the Licensee: The licensee has stated that under the "Connected Load Base Tariff" consumer can connect as many load as contracted and can utilize load within his contracted demand. It may happen that at any instance consumers connected on any Distribution Transformer may be utilizing the lower load than contracted, but it may be an instantaneous instance. Further, a company, in normal condition, cannot restrict any consumer from utilizing the load within his contracted capacity, therefore, while working out technical feasibility for any new consumer or for load extension of existing consumer, up to the Distribution Transformer level i.e. LT Line and Distribution Transformer level, connected load is taken into account.

Commission's View: *The objection and the response are noted.*

31. Procurement of poor quality material

Objection: Discoms pay more money and buys low quality materials like poles, meters, transformers, etc. A proper transparent mechanism should be built for procurement of materials.

Response of the Licensee: Good quality and ISI approved materials are procured and checked at ERDA at regular interval.

Commission's View: *The objection and the response are noted.*

32. Details of expenses incurred in publishing calendars

Objection: Discoms and GUVNL should give details of expenses in publishing of calendars and of the large number of social gatherings organised by Discoms, etc.

Response of the Licensee: The licensee has stated that the calendars were published to create awareness among consumers. The cost of publishing was borne equally by GoG and GUVNL.

Commission's View: *The objection and the response are noted.*

33. Amnesty scheme announced by DISCOMs

Objection: There will be burden on the consumers due to the Amnesty Scheme recently announced by the Distribution Companies.

Response of the Licensee: The scheme provides for waiver of arrears amount pending against permanently disconnected consumers. The Distribution companies regularly make arrangements for bad and doubtful debts. Thus, there will not be any burden on the consumers due to the Amnesty Scheme.

Commission's View: *The objection and the response are noted.*

34. Release of agricultural connections

Objection: Agriculture connections should be given immediately so that malpractices like power theft could be reduced.

Response of the Licensee: Every year the number of applications for new connections is much more than the number of connections given as the Discoms plan for giving new connections based on existing materials and spending capacity.

Commission's View: *The utilities are directed to clear all pending applications at the earliest.*

35. Installation of meters on unmetered agriculture connections

Objection: 50% of agriculture connections are unmetered. What steps have been taken to install meters on unmetered connections and why can't the help of police be taken to install the meters.

Response of the Licensee: The licensee has given the details of metered and unmetered connections as under:

Status of Agriculture consumer metering as on 31.12.2011			
Financial year	Nos. of Metered Consumers	Nos. of Un-metered Consumers	Total Nos. Of Ag. consumers
2011-12	49007	45593	94600

Commission's View: *The licensee should expedite the installation of meter in case of unmetered connections.*

36. Replacement of non-working meters

Objection: Some objectors have stated that the non-working meters are not being replaced timely.

Response of the Licensee: The licensee has given the details of category-wise non- working meters as on 31.03.2012: showing total non-working meter as 47358 out of total 2304882 consumers.

Commission's View: *Licensees are required to expedite the work of replacement of non-working meters and strictly follow the regulations in this regard.*

37. Electricity Duty should be reduced

Objection: The Electricity Duty should be reduced. Calculation of Electricity Duty should be linked with the number of units consumed.

Response of the Licensee: The licensee has stated that the Electricity Duty comes under the purview of State Government. The State Government has reduced the Electricity Duty for various categories w.e.f. 1.04.2012.

Commission's View: *The objection and the response are noted.*

4. True up for FY 2010-11

The licensee, in its submission for true up of FY 2010-11, has furnished the actual energy sales, expenditure and revenue for FY 2010-11, based on the audited annual accounts for FY 2010-11. The licensee has stated that the truing up for FY 2010-11 is based on the comparison of the actual performance of the FY 2010-11 with the approved aggregate revenue requirement for FY 2010-11 in the Tariff order dated 31st March 2010 to arrive at the gains / losses as per the MYT Regulations.

The Commission has analysed the components of the actual energy sales, expenses, revenue and computed gains / losses in the process of truing up for FY 2010-11.

4.1 Energy sales

Licensee's submission

The licensee has submitted the category-wise actual energy sales for FY 2010-11. The details are given in the Table below:

Table 4.1: Category-wise actual sales for FY 2010-11

Sl.No.	Particulars	Sales (MU)	
		FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
A	**LT Consumers**		
1	Residential	1754	1628
2	Commercial	582	634
3	Industrial LT	2639	2662
4	Public Water Works	102	106
5	Agriculture – Metered	257	140
6	Agriculture – Unmetered	426	423
7	Public Lighting	30	32

Sl.No.	Particulars	Sales (MU)	
		FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
	LT Total (A)	5790	5625
B	**HT Consumers**		
8	Industrial HT	3690	3927
9	Railway Traction	281	285
	HT Total (B)	3971	4212
	Grand Total (A + B)	9761	9837

Commission's Analysis

The Commission, in the Tariff Order dated 31st March 2010, had approved the energy sales of 9761 MU for FY 2010-11. As against that the DGVCL has submitted the actual sales of 9837 MU for FY 2010-11.

It can be seen from the above table that the actual energy sales of the residential and agriculture categories were lower than that approved by the Commission for FY 2010-11. Whereas, the energy sales to the Industrial HT category was higher than that of approved in the Tariff Order. Overall, the actual energy sales of DGVCL are higher by 76 MU against that approved in the Tariff Order.

The Commission approves the energy sales of 9837 MU in the truing up for FY 2010-11 as shown in the Table below:

Table 4.2: Energy sales approved in truing up for FY 2010-11

Sl.No.	Particulars	Sales (MU)		
		FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	FY 2010-11 (Approved for True up)
A	**LT Consumers**			
1	Residential	1754	1628	1628
2	Commercial	582	634	634
3	Industrial LT	2639	2662	2662

Sl.No.	Particulars	Sales (MU)		
		FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	FY 2010-11 (Approved for True up)
4	Public Water Works	102	106	106
5	Agriculture – Metered	257	140	140
6	Agriculture – Unmetered	426	423	423
7	Public Lighting	30	32	32
	LT Total (A)	5790	5625	5625
B	**HT Consumers**			
8	Industrial HT	3690	3927	3927
9	Railway Traction	281	285	285
	HT Total (B)	3971	4212	4212
	Grand Total (A + B)	9761	9837	9837

4.2 Distribution losses

Licensee's submission

The licensee has submitted that the actual distribution losses for FY 2010-11were 11.96%, as against the approved level of 12.45% for FY 2010-11. The licensee has submitted that as per the MYT Regulations, the distribution losses need to be treated as controllable factor and accordingly, any gain or loss has to be dealt with as per provisions of the MYT Regulations.

Commission's Analysis

The DGVCL has submitted that the actual distribution losses for FY 2010-11 was 11.96%, which is less than the distribution loss level of 12.45% approved by the Commission in the Tariff Order dated 31st March 2010 as well as in the MYT order dated 17th January , 2009.

The Commission, accordingly, considers the distribution losses of 12.45% for the truing up of FY 2010-11 as shown in the Table below:

Table 4.3: Distribution losses considered for truing up for FY 2010-11

(%)

Particulars	FY 2010-11 (Approved in MYT Order)	FY 2010-11 (Considered in Tariff Order)	FY 2010-11 (Actual)	FY 2010-11 (Considered in True up)
Distribution losses	12.45	12.45	11.96	12.45

4.3 Energy requirement

Licensee's submission

DGVCL has submitted the energy requirement for FY 2010-11 based on the actual energy sales and the actual distribution losses for FY 2010-11. The following table summarizes the energy requirement of DGVCL for FY 2010-11.

Table 4.4: Energy requirement and Energy balance as submitted by DGVCL for FY 2010-11

Sl. No.	Particulars	Unit	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
1.	Energy sales	MU	9761	9837
2.	Distribution losses	MU	1388	1336
		%	12.45	11.96
3.	Energy requirement	MU	11149	11173
4.	Transmission losses	MU	489	480
		%	4.20	4.12
5.	Total energy to be input to transmission system	MU	11638	11653
6.	Pooled losses in PGCIL system	MU	151	51
7.	Total energy requirement	MU	11789	11704

Commission's Analysis

The DGVCL has computed the energy requirement based on the actual distribution losses of 11.96%, actual energy sales of 9837MU and transmission losses of 4.12%.It can be seen from the table given above that the distribution losses and the transmission losses are lower than that of approved in the Tariff Order.

The Commission has considered the distribution losses of 12.45% and considered the transmission loss level of 4.12% in the truing up for FY 2010-11 as arrived by SLDC for FY 2010-11. Accordingly, the Commission has computed the energy requirement of DGVCL for FY 2010-11, as shown in the Table below. The Table also highlights the Commission's approval of energy requirement of 11769.67 MU for FY 2010-11 for the computation of gain/loss on account of distribution loss.

Table 4.5: Energy requirement approved by the Commission for truing up for FY 2010-11

Sl. No.	Particulars	Unit	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	FY 2010-11 (Approved in True up)
1.	Energy sales	MU	9761	9837	9837
2.	Distribution losses	MU	1388	1336	1336
		%	12.45	11.96	12.45
3.	Energy requirement	MU	11149	11173	11235.87
4.	Transmission losses	MU	489	480	480
		%	4.20	4.12	4.12
5.	Total energy to be input to transmission system	MU	11638	11653	11718.67
6.	Pooled losses in PGCIL system	MU	151	51	51
7.	**Total energy requirement**	**MU**	**11789**	**11704**	**11769.67**

4.4 Power purchase cost

Licensee's submission

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

During the year, based on the requirement of power, the generation capacities have been allocated to DGVCL. At one point of time, DGVCL is drawing higher than its allocated PPA generation, and at another point of time, it is drawing lesser power than its allocated PPA generation. If there is surplus power, the distribution company sells the power to GUVNL. The comparison of the approved and actual power purchase cost as submitted by DGVCL is as shown below:

Table 4.6: Net Power purchase cost for FY 2010-11

(Rs. Crore)

Particulars	Approved in Tariff Order	Actual Submitted
Total power purchase cost	4140.37	4429

The Power Purchase Cost given above is the net power purchase cost after considering the net UI Cost Payable/receivable and the revenue from sale of power to GUVNL. The DGVCL has submitted the actual power purchase cost during FY 2010-11, as shown below:

Table 4.7: Power purchase cost submitted by DGVCL for FY 2010-11

Sl. No.	Particulars	Amount (Rs. Crore)	Units (MU)
1	Power Purchase from GUVNL	4760	12401
2	Power Purchase from others(Wind, Reactive Energy charges)	3	12
3	UI Import	118	370
4	Total Power Purchase	4881	12783
5	Power sold to GUVNL	397	938
6	UI Export	55	141
7	**Net Power Purchase cost**	**4429**	**11704**

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

The licensee has stated that variation in power purchase expenses is due to variation in the cost and quantum and is an uncontrollable factor. The licensee has also stated that as the actual distribution loss for FY 2010-11 is lower than that approved in the Tariff Order. The quantum of power purchased is lower than that approved in the Tariff Order, which has lower cost implication as well. Accordingly, any gain or loss on account of uncontrollable factors is to be entirely passed on to the consumers.

However, the increase or reduction in quantum of power purchase and power purchase expense due to variation in distribution loss is a controllable factor, which would result in gain or loss under MYT Regulations and is dealt with accordingly.

Commission's Analysis

The Commission has examined the actual quantum of power purchased and the power purchase cost during the year FY 2010-11, based on the actual energy sales and the distribution losses submitted by DGVCL. The sales and the quantum of power purchase and the power purchase cost are as per the audited annual accounts for the FY 2010-11. The power purchase cost, as per the audited annual accounts for FY 2010-11, is Rs. 4429.13 Crore as shown in the Table below:

Table 4.8: Power purchase cost as per the audited accounts for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	Amount
1	Power Purchase from GUVNL	4759.82
2	Power Purchase from others (Wind)	3.47
3	UI Import	117.59
4	Total Power Purchase	4880.88
5	Power sold to GUVNL	396.98
6	UI Export	54.77
7	Net Power Purchase cost	4429.13

The Commission accordingly, approves the power purchase cost of Rs. 4429.13 Crore in the truing up for FY 2010-11.

Table 4.9: Power purchase cost approved by the Commission for truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	FY 2010-11 (Approved in True up)
Total Power Purchase cost	4140.37	4429.00	4429.13

4.4.1 Gain / (loss) due to distribution losses

The Commission had approved the distribution loss at 12.45% in the MYT order and in the Tariff order for FY 2010-11 against the actual loss of 11.96%submitted by DGVCL.

The total gains / (losses) on account of lower distribution loss are computed in the Table below:

Table 4.10: Gains/ (losses) on account of distribution losses for FY 2010-11

Sl. No.	Particulars	Unit	Actuals submitted by DGVCL for FY 2010-11	Gain/(Loss)Approved for FY 2010-11 as per the MYT order, Tariff order and in Truing up
1.	Energy sales	MU	9837	9837
2.	Distribution losses	MU	1336	1398.87
		%	11.96	12.45
3.	Energy requirement	MU	11173	11235.87
4.	Transmission losses	MU	480	482.81
		%	4.12	4.12
5.	Total energy to be input to transmission system	MU	11653	11718.67
6.	Pooled losses in PGCIL system	MU	51	51
7.	Total energy requirement	MU	11704	11769.67
8.	Gain / (loss) due to distribution losses	MU	66.00	62.54
9.	Average cost of power purchase	Rs./kWh	3.78	3.51
10.	Gain / (loss) due to distribution losses	Rs. Crore	25	21.96

As can be seen from the above, the total gain on account of lower distribution losses is to the tune of Rs. 21.96 Crore.

The total gain on account of lower distribution losses as submitted by DGVCL is Rs. 25 Crore and as computed by the Commission is Rs. 21.96 Crore. The DGVCL has computed the gain on account of lower distribution loss by considering the distribution losses as approved in the Tariff order as well as in the MYT order at 12.45%.

While computing the units to arrive at the gain/(loss) due to distribution loss, DGVCL has also taken into consideration the intra state transmission losses over and above the distribution loss. The Commission has only considered the distribution losses to arrive at the units for computation of gain/(loss) due to distribution loss. Further the per unit cost for computing the gain/(loss) due to distribution losses has been calculated by the Commission by considering the approved power purchase units and power purchase cost as per the Tariff Order dated 31st March, 2010. The gain is categorized as on account of controllable factors.

Based on the above, the gain / (loss) on account of power purchase expenses is shown below:

Table 4.11: Approved gain / (loss) – power purchase expenses for truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Total power purchase cost	4140.37	4429.00	21.96	(310.72)

4.5 Fixed charges

4.5.1 Operations and Maintenance (O&M) expenses for FY 2010-11

The DGVCL has submitted Rs. 192.00 Crore towards actual O&M expenses in the truing up for FY 2010-11, as against Rs. 129.72 Crore approved in the Tariff Order for FY 2010-11. Details are shown in the table below:

Table 4.12: O&M expenses submitted in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	Deviation
1	Employee cost	116.52	174.00	(57.48)
2	Repairs and maintenance expenses	32.48	20.00	12.48
3	Administration and general expenses	29.20	31.00	(1.80)
4	Other debits	1.09	3.00	(1.91)
5	Extraordinary items	1.50	0.00	1.50
6	Net prior period expenses / income	0.00	0.00	0.00

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	Deviation
7	Other expenses capitalized	(51.07)	(36.00)	(15.07)
8	**Total O&M Expenses**	**129.72**	**192.00**	**(62.28)**

Licensee's submission

The DGVCL has submitted that the O&M expenses consist of the following elements

- Employee expenses
- Repairs and Maintenance expenses
- Administration and General expenses

The licensee has also submitted that the following items are included in the O&M expenses as per the directive issued by the Commission:

- Other debits
- Extraordinary items
- Net prior period expense / (income)
- Other expenses capitalised

The DGVCL has compared the O&M expenses actually incurred during FY 2010-11 with the expenses approved by the Commission in the Tariff Order for FY 2010-11 and arrived at a gain of Rs. 10.68 Crore on account of controllable factor and loss of Rs. 72.96 Crore on account of uncontrollable factor as detailed in the table below:

Table 4.13: O&M expenses and gains / losses submitted in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
1	Employee cost	116.52	174.00	0.00	(57.48)
2	Repairs and maintenance	32.48	20.00	12.48	0.00
3	Administration and general expenses	29.20	31.00	(1.80)	0.00
4	Other debits	1.09	3.00	0.00	(1.91)
5	Extraordinary items	1.50	0.00	0.00	1.50

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
6	Net prior period expenses / income	0.00	0.00	0.00	0.00
7	Other expenses capitalised	(51.07)	(36.00)	0.00	(15.07)
8	Total O&M Expenses	129.72	192.00	10.68	(72.96)

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

4.5.2 Employee cost

The DGVCL has submitted Rs. 174.00 Crore towards actual employee cost in the truing up for FY 2010-11. The employee cost approved for FY 2010-11 in the Tariff order of 31st March, 2010 and submitted by DGVCL in the truing up for FY 2010-11 are as given in the Table below:

Table 4.14: Employee cost submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
Employee Cost	116.52	174

Licensee's submission

The DGVCL has submitted that the employee cost was incurred on the basis of the guidelines issued by the competent authorities like the State Government and that the entire expenditure estimated is a legitimate expenditure and any variation is beyond its control. It is further submitted that the impact of the Sixth Pay Commission was not considered by the Commission while approving the employee cost of FY 2010-11, which came into effect from 1st January 2006 and resulted in an average increase of around 28% to 30% in its employee cost. DGVCL has also submitted that the 6% hike approved in the previous MYT Order does not compensate for the actual increase of salary cost, which includes the components like salary hike, increase / merger of DA, etc. DGVCL has requested the Commission to consider the variation in employee cost as uncontrollable and accordingly give appropriate treatment for the same. DGVCL has estimated a loss of Rs. 57.48 Crore on account of such uncontrollable factors.

Commission's Analysis

The DGVCL has compared the actual employee cost of Rs. 174.00 Crore incurred during FY 2010-11 with Rs. 116.52 Crore approved in the Tariff Order for FY 2010-11. The employee cost approved in the MYT order and Tariff Order for FY 2010-11 is the same. The actual employee cost, as per the audited annual accounts for FY 2010-11, is Rs. 174.47 Crore. The increase is mainly on account of the impact of the Sixth Pay Commission recommendations.

The Commission is of the view that the additional salary cost is on account of implementation of the Sixth Pay Commission recommendations, and allows it to be treated as an uncontrollable expense.

The Commission, accordingly, approves the employee cost at Rs. 174.47 Crore in the truing up for FY 2010-11.

4.5.3 Repairs & Maintenance (R&M) Expenses

The DGVCL has submitted Rs. 20.00 Crore towards R&M expenses in the truing up for FY 2010-11. The R&M expenses approved for FY 2010-11 in the Tariff order of 31st March, 2010 and submitted by DGVCL in the truing up for FY 2010-11 are as given in the Table below:

Table 4.15: R&M expenses submitted by DGVCL for the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
Repair and Maintenance expenses	32.48	20.00

Licensee's submission

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

The DGVCL has estimated a gain of Rs. 12 Crore due to controllable factors.

Commission's Analysis

The actual R&M expenses incurred during FY 2010-11 are Rs. 20.30 Crore, as per the audited annual accounts. The Commission has observed that though the DISCOM has stated that the assets are old and require regular maintenance, it could not utilize the amount approved by the Commission under the head. The R&M expense is a controllable item of expenditure under the MYT Regulations, 2007.

The Commission, accordingly approves the R&M expenses at Rs. 20.30 Crore in the truing up for FY 2010-11.

4.5.4 Administration & General (A&G) expenses

The DGVCL has submitted Rs. 31.00 Crore towards A&G expenses in the truing up for FY 2010-11. The A&G expenses approved for FY 2010-11 in the Tariff order of 31stMarch, 2010 and submitted by DGVCL in the truing up are as given in the Table below:

Table 4.16: A&G expenses submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
A&G expenses	29.20	31.00

Licensee's submission

The DGVCL has submitted that the A&G expenses are categorised as controllable expenses as per the MYT Regulations. The actual A&G expenses, when compared with the approved value, resulted in a loss of around Rs. 2.00 Crore for FY 2010-11.

Commission's Analysis

The actual A&G expenses, as per the audited annual accounts for FY 2010-11, are Rs. 31.13 Crore and are higher than what was approved in the Tariff order for FY 2010-11 by Rs. 1.93 Crore.

The Commission, accordingly, approves the A&G expenses at Rs. 31.13 Crore in the truing up for FY 2010-11.

The parameters affecting A&G expenses are controllable in nature, as specified in the MYT Regulations, 2007. The Commission, accordingly, considers the loss under A&G expenses, on account of controllable factor.

4.5.5 Other Debits

Licensee's submission

The DGVCL has submitted the actual other debits at Rs. 3.00 Crore in the truing up, as against Rs. 1.09 Crore approved in the Tariff order dated 31st March, 2010 for FY 2010-11.

Commission's Analysis

The actual other debits, as per audited annual accounts for FY 2010-11, are Rs. 2.61 Crore.

The Commission approves the other debits at Rs. 2.61 Crore in the truing up for FY 2010-11, as these are recognised as part of O&M expenses.

4.5.6 Extraordinary items

The DGVCL has not submitted any expense under extraordinary item in the truing up for FY 2010-11, as against Rs. 1.50 Crore approved in the Tariff order for FY 2010-11.

Commission's Analysis

The actual extraordinary items are Rs.0.29 Crore, as per the audited annual accounts for FY 2010-11.

The Commission approves the extraordinary items at Rs. 0.29 Crore, as per the audited annual accounts. These expenses are also recognised under O&M expenses.

4.5.7 Net prior period expenses / (income)

The DGVCL has not submitted anything towards net prior period expenses in the truing up for FY 2010-11.

Commission's Analysis

The DGVCL did not estimate prior period expenses / income in the petitions for ARR, as well as APR, for FY 2010-11. These net prior period expenses / income are recognised through a directive in the Tariff order dated 31st March 2010. The actual net prior period expenses accounted for in the audited annual accounts are Rs. 0.31 Crore.

The Commission, accordingly, approves the net prior period expenses of Rs. 0.31 Crore in the truing up for FY 2010-11.

4.5.8 Other expenses capitalised

The DGVCL has submitted the actual expenses capitalised at Rs. 36 Crore in the truing up for FY 2010-11, as against Rs. 51.07 Crore approved in the Tariff order for the year FY 2010-11.

Commission's Analysis

The Commission has observed that the other expenses capitalised as submitted by DGVCL include the capitalisation of employee cost and A&G expenses as seen from Schedule 25 of the Annual Accounts for FY 2010-11. The sum of employee cost capitalised and A&G expenses capitalised is Rs. 35.78 Crore as per the Annual Accounts.

The Commission, accordingly, approves the other expenses capitalised at Rs. 35.78 Crore in the truing up for FY 2010-11.

The total O&M expenses approved in the truing up for FY 2010-11 and the gains / (losses) considered due to controllable and uncontrollable factors are detailed in the Table below:

Table 4.17: Approved O&M expenses and gains /(losses) in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
1	Employee cost	116.52	174.47	0.00	(57.95)
2	Repairs and maintenance	32.48	20.30	12.18	0.00

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
3	Administration and general expenses	29.20	31.13	(1.93)	0.00
4	Other debits	1.09	2.61	0.00	(1.52)
5	Extraordinary items	1.50	0.29	0.00	1.21
6	Net prior period expenses / income	0.00	0.31	0.00	(0.31)
7	Other expenses capitalized	(51.07)	(35.78)	0.00	(15.29)
8	**Total O&M Expenses**	**129.72**	**193.33**	**10.25**	**(73.86)**

4.5.9 Capital expenditure, Capitalisation and Funding of CAPEX

The DGVCL has furnished the capital expenditure at Rs. 204.48 Crore in the truing up for FY 2010-11, as against Rs. 297.87 Crore considered in the Tariff Order for FY 2010-11. The details are as given in the Table below:

Table 4.18: Capital expenditure submitted by DGVCL for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Estimated by DGVCL in Tariff Order)	FY 2010-11 (Submitted in Truing up)
1	Distribution Schemes	78.00	103.57
2	Rural Electrification Schemes	102.87	50.69
3	Non Plan Schemes	54.00	34.77
4	Computer Accessories and Furniture	0.00	1.28
5	Others	63.00	5.82
6	Interest charge to be capitalized	0.00	2.56
7	Provision for completed works	0.00	7.25
8	Deletion adjustment during the year	0.00	1.46
9	Total capital expenditure	297.87	204.48

Licensee's submission

The DGVCL has submitted that the actual capital expenditure incurred during FY 2010-11 was Rs. 204.45 Crore, which is lower by Rs. 93.39 Crore than what was approved for FY 2010-11. Further, the capitalisation for FY 2010-11 as submitted by DGVCL is Rs. 177 Crore.

Commission's Analysis

The capital expenditure considered by DGVCL in the Tariff order dated 31st March 2010 was Rs. 297.87 Crore. The actual capital expenditure incurred is given as Rs. 204.48 Crore, which is lower by Rs. 93.39 Crore than the CAPEX considered in the Tariff order for FY2010-11. The actual capital expenditure during FY 2010-11 was Rs. 204.48 Crore and the actual capitalisation was Rs. 176.71 Crore, as per the audited annual accounts for FY 2010-11. The consumer contribution and subsidies and grants have been verified from the audited annual accounts.

The Commission has observed that there is large variation in the capital expenditure projected and actual capitalisation. The licensee shall be more realistic in projecting the capital expenditure.

The Commission, accordingly, approves the capitalisation at Rs. 176.71 Crore in the truing up for FY 2010-11.

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

Table 4.19: Approved Capitalisation and sources of funding in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Submitted in Truing up)	FY 2010-11 (Approved in True up)
1	Capital Expenditure	204.48	-
2	Capitalisation	177.00	176.71
3	Less: Consumer contribution	73	107.45
4	Subsidies and grants	77	116.49
5	Balance Capitalisation	27	(47.24)
6	Debt (70%)	19	0.00
7	Equity(30%)	8	0.00

The surplus of Rs. 47.24 Crore available with DGVCL on account of higher amount of the grant and consumer contribution against capitalisation will be adjusted in the truing up of FY 2011-12.

4.5.10 Depreciation

The DGVCL has submitted Rs. 105.00 Crore towards depreciation in the truing up for FY 2010-11. The depreciation charges approved for FY 2010-11 in the Tariff Order of 31st March, 2010 and submitted by DGVCL in the truing up for FY 2010-11 are shown in the Table below:

Table 4.20: Depreciation submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)
Depreciation	114.06	105.00

Licensee's submission

The DGVCL has submitted that the amount of depreciation as per actuals is lower than the approved depreciation. The DGVCL has considered that the depreciation rate as per the CERC Regulations, 2009 and computed the depreciation as detailed in the table below:

Table 4.21: Fixed assets & depreciation computed by DGVCL for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)	Deviation
1	Gross block at the beginning of the year	2039.39	1894	
2	Additions during the year	250.16	177	
3	Depreciation for the year	114.06	105	9.06
4	Average rate of depreciation	5.27%	5.27%	

The DGVCL has further submitted that the actual depreciation for FY 2010-11, as against the value approved in the Tariff order, resulted in a net uncontrollable gain of Rs. 9.06 Crore. Details are given in the table below:

Table 4.22: Gain / loss due to deprecation submitted in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Depreciation	114.06	105	0	9.06

Commission's Analysis

The opening balance of GFA, the net addition during the year FY 2010-11 and the closing balance of GFA are verified with the audited annual accounts for FY 2010-11. The average depreciation rate of 5.27% adopted is in line with the depreciation rates specified in CERC Tariff Regulations, 2009. The actual depreciation works out to 104.48 Crore.

The Commission, accordingly, approves the depreciation at Rs.104.46 Crore in the truing up for FY 2010-11.

Table 4.23: Approved depreciation in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Submitted in Truing up)	FY 2010-11 (Approved in True up)
1	Gross block at the beginning of the year	1894	1893.75
2	Additions during the year	177	176.71
3	Depreciation for the year	105	104.46
4	Average rate of depreciation	5.27%	5.27%

The amount of depreciation is dependent on the quantum of capitalisation, rate of depreciation, etc. The Commission has, therefore, considered the parameters impacting depreciation as uncontrollable.

The Commission, accordingly, approves the gains / losses on account of depreciation in the truing up for FY 2010-11, as presented in the Table below:

Table 4.24: Gain / loss due to deprecation approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Depreciation	114.06	104.46	0	9.60

4.5.11 Interest and Finance charges

The DGVCL has submitted Rs. 71 Crore towards interest and finance charges in the truing up for FY 2010-11, as against Rs. 65.43 Crore approved in the Tariff order dated 31st March 2010, as detailed in the Table below:

Table 4.25: Interest and Finance charges submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)
Interest and Finance Charges	65.43	71.00

Licensee's submission

The DGVCL has submitted that it has considered opening balance of loan equal to the closing balance as approved in the true up for FY 2009-10 in the MYT Order dated 6thSeptember, 2011. The loan addition is computed at Rs. 19 Crore. DGVCL has considered the weighted average rate of interest of 9.95%, as against 9.85% approved in Tariff Order for FY 2010-11. In addition to the above, DGVCL has considered the guarantee charges payable on legacy loan from the erstwhile GEB and interest on security deposits. The details of interest and finance charges submitted by DGVCL are as given in the Table below:

Table 4.26: Interest and Finance charges submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)
1	Opening loans	270.83	304.00
2	New loan during the year	38.42	19.00
3	Repayment during the year	27.08	30.00

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)
4	Closing loans	282.17	293.00
5	Average loans	276.50	299.00
6	Interest on loans	27.24	30.00
7	Interest on security deposit	37.00	36.00
8	Guarantee charges	1.19	5.00
9	Total interest & finance charges	65.43	71.00
10	Weighted average rate of interest	9.85%	9.95%

The DGVCL has further submitted that interest and finance charges are categorised as uncontrollable as per the MYT Regulations and accordingly worked out deviation in the actual vis-à-vis the approved expenses under uncontrollable factors, as given in the Table below:

Table 4.27: Gains / (Loss) submitted due to interest & finance charges for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Interest and Finance Charges	65.43	71.00	0	(5.57)

Commission's Analysis

The Commission has analysed the loan for capital expenditure and approved the closing loan towards capital expenditure at Rs. 304.39 Crore in the truing up for FY 2009-10 in the MYT order dated 6th September, 2011. The approved closing loan balance for FY 2009-10 is taken as the opening balance of loan in the truing up for FY 2010-11. The capitalisation and funding of CAPEX have been approved for FY 2010-11, based on the audited annual accounts.

The interest on security deposits is submitted at Rs. 36.00 Crore, as against Rs. 36.39 Crore as per audited accounts. The repayment of loan is submitted at Rs. 30 Crore in the truing up for FY 2010-11. In the MYT order for FY 2010-11, the tenure of new loan is considered as 10 years for repayment, and the repayment considered 1/10th of the loan outstanding at the beginning of the year. The guarantee charges, as per audited accounts for FY 2010-11, are Rs. 0.86 Crore. Taking all these factors into consideration, the interest and finance charges are computed @ 9.95%, as detailed in the Table below:

Table 4.28: Interest and Finance charges approved by the Commission in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (submitted in Truing up)	FY 2010-11 (Approved in True up)
1	Opening loans	304.00	304.39
2	New loan during the year	19.00	0.00
3	Repayment during the year	30.00	30.44
4	Closing loans	293.00	273.95
5	Average loans	299.00	289.17
6	Interest on loans	30.00	28.77
7	Interest on security deposit	36.00	36.39
8	Guarantee charges	5.00	0.86
9	**Total interest & finance charges**	**71.00**	66.02
10	**Weighted average rate of interest**	**9.85%**	9.95%

The Commission, accordingly, approves the interest and finance charges at Rs. 66.02 Crore in the truing up for FY 2010-11.

The Commission has observed that the interest and finance charges are dependent on the amount of capital expenditure, capitalisation and the extent of borrowing considered during the financial year. The Commission, therefore, considers the deviation as on account of uncontrollable factors.

The Commission, accordingly, approves the gains / losses on account of interest and finance charges in the truing up for FY 2010-11, as detailed in the Table below:

Table 4.29: Gain / loss approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Interest and Finance Charges	65.43	66.02	0	(0.59)

4.5.12 Interest on working capital

The DGVCL has submitted Rs. 45.00 Crore towards interest on working capital in the truing up for FY 2010-11, as against Rs. 38.95 Crore approved in the Tariff Order dated 31st March 2010. Details are given in the Table below:

Table 4.30: Interest on working capital submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)
Interest on Working capital	38.95	45.00

Licensee's submission

The licensee has submitted that the interest on working capital has been calculated based on the normative principles outlined in the Terms and Conditions of Tariff Regulations at an interest rate of 10.25%, being the Short-term Prime Lending Rate of SBI as on 01/04/2004, as approved by the Commission. The detailed computation of interest on working capital is as given in the Table below:

Table 4.31: Interest on working capital submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
1	O&M expenses(one month)	14.85	16.00
2	Maintenance spares(1% of opening GFA)	21.84	21.00
3	Receivables(1 month of sales)	343.29	403.00
4	Total working capital	379.97	441.00
5	Rate of interest on working capital	10.25%	10.25%
6	Interest on working capital	38.95	45.00

The DGVCL has further submitted that the actual amount of interest on working capital, as against the amount approved in the Tariff Order for FY 2010-11, has resulted in a net uncontrollable loss of Rs. 6.05 Crore.

Table 4.32: Gains / (Loss) submitted due to interest on working capital for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Interest on Working capital	38.95	45.00	0.00	(6.05)

Commission's Analysis

The Commission examined the computation of interest on working capital submitted by DGVCL and observed that receivables equivalent to one month of ARR has been submitted by DGVCL in the truing up for FY 2010-11 against one month sales approved in the Tariff order for FY 2010-11. The working capital and interest on working capital are recomputed, taking into consideration the receivables equivalent to one month's sales and the O&M expenses approved in the truing up, which are as detailed in the Table below:

Table 4.33: Interest on working capital approved in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (submitted in Truing up)	FY 2010-11 (Approved in True up)
1	O&M expenses(one month)	16.00	16.11
2	Maintenance spares(1% of opening GFA)	21.00	18.94
3	Receivables(1 month of sales)	403.00	390.27
4	Total working capital	441	425.32
5	Rate of interest on working capital	10.25%	10.25%
6	Interest on working capital	45.00	43.60

The Commission, accordingly, approves the interest on working capital at Rs. 43.60 Crore in the truing up for FY 2010-11.

The deviation in the interest on working capital is considered as on account of uncontrollable factors, since the components contributing to working capital are mostly uncontrollable.

The Commission, accordingly, approves the gains / losses on account of interest on working capital in the truing up for FY 2010-11, as detailed in the Table below:

Table 4.34: Gain / loss approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Interest on working capital	38.95	43.60	0	(4.65)

4.5.13 Provision for bad debts

The DGVCL has submitted Rs. 37.00 Crore towards actual bad debts in the truing up for FY 2010-11, as against Rs. 4.12 Crore approved in the Tariff order dated 31st March 2010. The details are as given in the Table below:

Table 4.35: Provision for bad debts submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
Provision for bad debt	4.12	37.00

Licensee's submission

The DGVCL has submitted that the actual amount of bad debts, when compared with the approved value, resulted in a loss of around Rs. 33 Crore on account of controllable factors, which are as shown in the table below:

Table 4.36: Provision for bad debts for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Provision for bad debt	4.12	37.00	0.00	(32.88)

Commission's Analysis

The Commission examined the submission made by the licensee. It is noted, on verification from the audited annual accounts, that an amount of Rs. 37 Crore is included towards bad and doubtful debts provided for in Schedule 26 of the annual accounts. It is observed in the notes on accounts for FY 2010-11 that Government of Gujarat proposed to announce an Amnesty scheme for various categories of consumers to encourage them to settle their outstanding energy dues and the company reviewed the adequacy of provision of bad and doubtful debts and made additional provision of Rs. 37 Crore towards bad and doubtful debts.

Regulation 66 of GERC (Terms and Conditions of Tariff) Regulations, 2005 specify that the bad debts actually written off, subject to the Commission's clearance, are to be considered. The amount of Rs. 37 Crore submitted by DGVCL is only a provision and this cannot be considered as written off without adequate justification being provided by DGVCL. Further vide an e-mail dated 23rd May, 2012 DGVCL has submitted that the bad debts written off towards dues from consumers for FY 2010-11 are Rs. 0.60 Crore.

The Commission, therefore, approves the bad debts at Rs. 0.60 Crore in the truing up for FY 2010-11 as shown in the Table given below:

Table 4.37: Provision for bad debts approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Provision for bad debt	4.12	0.60	0	3.52

The deviation on account of bad debts written off is Rs. 3.52 Crore and the Commission considers the gain of Rs. 3.52 Crore is due to uncontrollable factors.

4.5.14 Return on equity

The DGVCL has submitted Rs. 54.00 Crore towards return on equity in the truing up for FY 2010-11, as against Rs. 56.47 Crore approved in the Tariff order dated 31st March 2010 which are as given in the Table below:

Table 4.38: Return on equity submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
Return on Equity	56.47	54.00

Licensee's submission

The DGVCL has computed the return on equity considering a rate of 14% on the average of opening and closing equity, taking into account the additions during the year FY 2010-11.

The detail of computation of return on equity is shown in the Table below:

Table 4.39: Return on equity submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
1.	Opening equity	395.14	381.00
2.	Additional equity during the year	16.47	8.00
3.	Closing equity	411.60	389.00
4.	Average equity	403.37	385.00
5.	Rate of return on equity	14%	14%
6.	Return on equity	56.47	54.00

Commission's analysis

The DGVCL has furnished the opening equity capital at Rs. 381 Crore for FY 2010-11 and equity addition of Rs. 8.00 Crore during the FY 2010-11. The actual opening equity for FY 2010-11 was Rs. 381.35 Crore, being the closing balance of equity approved for the true up of FY 2009-10. The Commission has approved the normative equity addition at Rs. 0.00 Crore as shown in Table 4.19.

The Commission, accordingly has computed the return on equity in the truing up for FY 2010-11.The following Table shows the return of equity approved by the Commission in the truing-up for FY 2010-11.

Table 4.40: Return on equity approved for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Deviation
1.	Opening equity	395.14	381.35	13.79
2.	Additional equity during the year	16.47	0.00	16.47

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Deviation
3.	Closing equity	411.60	381.35	30.25
4.	Average equity	403.37	381.35	22.02
5.	Rate of return on equity	14%	14%	
6.	Return on equity	56.47	53.39	3.08

The Commission approves the return on equity at Rs. 53.39 Crore in the truing up for FY 2010-11.

It is considered that the deviation is due to uncontrollable factors as the return on equity is being allowed on a normative basis and the quantum of equity addition in the year depends upon the capital expenditure and the capitalization achieved during the year.

The Commission, accordingly, approves the gains / losses on account of return on equity in the truing up for FY 2010-11.

Table 4.41: Approved gains / losses due to return on equity in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Return on equity	56.47	53.39	0	3.08

4.5.15 Taxes

The DGVCL has submitted Rs. 25.00 Crore towards income tax in the truing up for FY 2010-11, as against in the Tariff Order dated 31st March 2010, as shown in the table below:

Table 4.42: Taxes submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
Provision for tax	0.58	25.00

Licensee's submission

The licensee has submitted that the actual tax worked out to be Rs. 25 Crore, as against Rs. 0.58 Crore approved in the Tariff Order for FY 2010-11. DGVCL has further mentioned that tax is a statutory expense and this should be allowed without any deduction. DGVCL has submitted a loss of Rs. 24.42 Crore on account of tax as given in the Table below:

Table 4.43: Gains / (Loss) submitted due to provision for taxes for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Provision for tax	0.58	25.00	0	(24.42)

Commission's Analysis

The Commission has verified and found that the tax amounting to Rs. 25.34 Crore has been made in the audited annual accounts for FY 2010-11.

The Commission, accordingly, approves the provision for tax at Rs. 25.34 Crore in the truing up for FY 2010-11.

Regarding computation of gains/losses, Regulation 9.6.1 (d) considers variation in taxes on income as uncontrollable.

The Commission, accordingly, approves the losses on account of tax on income in the truing up for FY 2010-11, which is shown in the Table below:

Table 4.44: Approved gains / losses due to tax in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Provision for tax	0.58	25.34	0.00	(24.76)

4.5.16 Non-tariff income

The DGVCL has furnished the actual non-tariff income at Rs. 119.00 Crore in the truing up for FY 2010-11, as against Rs. 95.22 Crore approved in the Tariff Order dated 31st March 2010.

Table 4.45: Non-tariff income submitted by DGVCL in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)
Non-Tariff Income	95.22	119.00

Licensee's submission

The licensee has submitted that the actual value of non-tariff income is Rs. 119.00 Crore, as against Rs. 95.22 Crore approved in the Tariff Order. This resulted in a net controllable gain of Rs. 23.78 Crore.

Table 4.46: Gains / (Loss) submitted due to non-tariff income for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (submitted in Truing up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Non-Tariff Income	95.22	119.00	0.00	(23.78)

Commission's Analysis

The Commission verified and found that the actual 'other income' of the licensee is Rs. 119.47 Crore, as per the audited annual accounts for FY 2010-11.

The Commission, accordingly, approves the non-tariff income at Rs. 119.47 Crore in the truing up for FY 2010-11.

The deviation in non-tariff income is considered as uncontrollable. The Commission, accordingly, approves the gains / losses on account of non-tariff income in the truing up for FY 2010-11, which is as detailed in the Table below:

Table 4.47: Approved gains / losses due to non-tariff income in the truing up for FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Approved in True up)	Gain / (loss) due to controllable factors	Gain / (loss) due to uncontrollable factors
Non-Tariff Income	95.22	119.47	0	(24.25)

4.6 Revenue from sale of power

The DGVCL has furnished the revenue at Rs. 4805 Crore in the truing up for FY 2010-11, as against Rs. 4251.41 Crore approved in the Tariff Order for FY 2010-11 dated 31st March, 2010.

Table 4.48: Revenue submitted in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Approved in Tariff Order)	FY 2010-11 (Submitted in Truing up)
1	Revenue from sale of power	4119.42	4683.00
2	Other income (Consumer related)	78.02	75.00
3	Total revenue excluding subsidy (1+2)	4197.44	4758.00
4	Agricultural subsidy	53.98	47.00
5	Other subsidy	0.00	0.00
6	Total revenue including subsidy (3+4+5)	4251.41	4805.00

The table below summarises the category-wise sales revenue for FY 2010-11

Table 4.49: Category-wise sales revenue for FY 2010-11

(Rs. Crore)

Revenue from sale of power	Year ended, 31st March, 2011
Domestic or Residential	616.49
Commercial	349.76
Industrial low & medium voltage	1312.22
Industrial high voltage	2099.93
Public lighting	13.02
Traction Railways	159.57
Irrigation agricultural	94.41
Public water works and sew. pumps	37.88
Total revenue from sale	**4683.28**

Commission's Analysis

The Commission has verified the total revenue for FY 2010-11 from the audited accounts. The actual revenue from category-wise sales as per audited accounts is Rs. 4683.28 Crore. The revenue shown by the licensee from sale of power to GUVNL is Rs. 396.98 Crore and UI charges receivable is Rs. 54.77 Crore for FY 2010-11 and the same has been adjusted by the Commission against the power purchase cost for the FY 2010-11 as shown in Table 4.8.

The Commission, accordingly, approves the total revenue of Rs. 4805.21 Crore including other income at Rs. 75.27 Crore and agriculture subsidy at Rs. 46.66 Crore in the truing up for FY 2010-11:

Table 4.50: Revenue approved in the truing up for FY 2010-11

(Rs. Crore)

Sl. No.	Particulars	FY 2010-11 (Submitted in Truing up)	FY 2010-11 (Approved in True up)
1	Revenue from sale of power	4683.00	4683.28
2	Other income (Consumer related)	75.00	75.27
3	Total revenue excluding subsidy (1+2)	4758	4758.55
4	Agricultural subsidy	47.00	46.66
5	Other subsidy	0.00	0.00
6	**Total revenue including subsidy (3+4+5)**	**4805.00**	**4805.21**

4.7 ARR approved in the truing up

The Commission reviewed the performance of DGVCL under Regulation 9.2 of MYT Regulations, 2007 as well as with reference to the audited annual accounts for FY 2010-11. The Commission computed the gains / losses for FY 2010-11 based on the truing up for each of the components discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the Tariff order dated 31st March, 2010, actual submitted in truing up and approved for truing up and gains / losses computed in accordance with MYT Regulations are shown in the Table below:

Table 4.51: ARR approved in truing up for FY 2010-11

(Rs. Crore)

Sl.No.	Annual Revenue Requirement	Approved in Tariff Order	Submitted in Truing Up	Approved in Truing Up	Deviation	Gain/(Loss) due to controllable factors	Gain/(Loss) due to uncontrollable factors
1	**2**	**3**	**4**	**5**	**(3-5) 6**	**7**	**8**
1	Cost of power purchase	4140.37	4429.00	4429.13	(288.76)	21.96	(310.72)
2	Operations and Maintenance expenses	129.72	192.00	193.33			
2.1	Employee cost	116.52	174.00	174.47	(57.95)		(57.95)
2.2	Repairs and maintenance	32.48	20.00	20.30	12.18	12.18	
2.3	Administration and general expenses	29.20	31.00	31.13	(1.93)	(1.93)	
2.4	Other debits	1.09	3.00	2.61	(1.52)		(1.52)
2.5	Extraordinary items	1.50	0.00	0.29	1.21		1.21
2.6	Net prior period expenses / income	0.00	0.00	0.31	(0.31)		(0.31)
2.7	Other expenses capitalised	(51.07)	(36.00)	(35.78)	(15.29)		(15.29)
3	Depreciation	114.06	105.00	104.46	9.60		9.60
4	Interest and finance charges	65.43	71.00	66.02	(0.59)		(0.59)
5	Interest on working capital	38.95	45.00	43.60	(4.65)		(4.65)
6	Provision for bad debts	4.12	37.00	0.60	3.52		3.52
7	Sub-total (1 to 6)	4492.65	4879.00	4837.13	(344.48)	32.21	(376.69)
8	Return on equity	56.47	54.00	53.39	3.08		3.08
9	Provision for tax / tax paid	0.58	25.00	25.34	(24.76)		(24.76)
10	Total expenditure (7 to 9)	4549.70	4958.00	4915.86	(366.16)	32.21	(398.37)
11	Less: Non-tariff income	95.22	119.00	119.47	(24.25)		(24.25)
12	**Aggregate Revenue Requirement**	**4454.48**	**4839.00**	**4796.39**	**(341.91)**	**32.21**	**(374.12)**

The comparison of actual performance of DGVCL in FY 2010-11 with the approved ARR in the Tariff order dated 31st March, 2010 resulted in a deviation of Rs. 341.91 Crore (loss) comprising of controllable gain of Rs.32.21 Crore and uncontrollable loss of Rs. 374.12 Crore during FY 2010-11.

4.8 Sharing of Gains / Losses for FY 2010-11

The Commission analysed the gains/losses on account of controllable and uncontrollable factors for FY 2010-11.

The relevant Regulations are extracted below:

Regulation 10.1 "The approved aggregate gain or loss to the Generating Company or Licensee on account of uncontrollable factors shall be passed through as an adjustment in the tariff of the Generating Company or licensee over such period as may be specified in the Order of the Commission passed under Regulation 9.7 (a)."

Regulation 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 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".

Regulation 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."

4.9 Revenue gap / surplus for FY 2010-11

As shown in the table below, the DGVCL has submitted a revenue gap of Rs. 54.48 Crore in the truing up after treatment of gains / (loss) due to controllable / uncontrollable factors after comparing the performance with the Tariff order for FY 2010-11.

Table 4.52: Projected Revenue gap / (surplus) FY 2010-11

(Rs. Crore)

Sl.No.	Particulars	FY 2010-11
1	ARR approved in Tariff Order dated 31st March, 2010 for FY 2010-11	4454.48
2	Gain/ (Loss) on account of uncontrollable factor to be passed on to the consumer	(415.00)
3	Gain/ (Loss) on account of controllable factor to be passed on to the consumer (1/3rd of total gain/loss)	10.00
4	Revised ARR for FY 2010-11(1-2-3)	4859.48
5	Total revenue from sales	4683.00
6	Other income (consumer related)	75.00
7	Total revenue excluding subsidy(5+6)	4758.00
8	Agriculture subsidy	47.00
9	Total revenue including subsidy(7+8)	4805.00
10	**Revised gap after treating gains/losses due to controllable/uncontrollable factors(4-9)**	**54.48**

The Commission compared the actual performance of DGVCL with the values approved in the Tariff Order dated 31st March, 2010.

The Commission arrived at the revised ARR and revenue gap based on the expenses and the gains / (loss) approved in the truing up for FY 2010-11. The revenue gap / surplus approved by the Commission is summarised in the Table below:

Table 4.53: Revenue gap / (surplus) approved in the truing up for FY 2010-11

(Rs. Crore)

Sl.No.	Particulars	FY 2010-11
1	ARR approved in Tariff Order dated 31st March, 2010 for FY 2010-11	4454.48
2	Gain/ (Loss) on account of uncontrollable factor to be passed on to the consumer	(374.12)

Sl.No.	Particulars	FY 2010-11
3	Gain/ (Loss) on account of controllable factor to be passed on to the consumer(1/3rd of total gain/loss)	10.74
4	Revised ARR for FY 2010-11(1-2-3)	4817.87
5	Total revenue from sales	4683.28
6	Other income (consumer related)	75.27
7	Total revenue excluding subsidy(5+6)	4758.55
8	Agriculture subsidy	46.66
9	Total revenue including subsidy(7+8)	4805.21
10	**Revised gap after treating gains/losses due to controllable/uncontrollable factors(4-9)**	**12.66**

5. Determination of Tariff for FY 2012-13

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus as well as consumer tariff for the FY 2012-13 for DGVCL. Commission has considered the ARR approved in the MYT order dated Sep 6, 2011 for FY 2012-13 and the adjustment on account of true up for FY 2010-11 while determining the revenue gap/surplus for FY 2012-13.

5.2 Approved ARR for FY 2012-13

Based on the above approach, Table below summarises the Annual Revenue Requirement as approved by the Commission for the FY 2012-13 in the MYT Order dated Sep 6, 2011. Detailed analysis of each expense head has already been provided in the MYT Order.

Table 5.1: Approved ARR for FY 2012-13

(Rs. Crore)

Sl.No.	Particular	MYT Order
1	Cost of power purchase	5357.06
2	Operation and Maintenance expenses	194.31
2.1	Employee cost	176.68
2.2	Repairs and maintenance	28.7
2.3	Administration and general expenses	32.43
2.4	Other debits	4.23
2.5	Extraordinary items	0.27
2.6	Net prior period expenses / income	0.00
2.7	Other expenses capitalized	(48.00)
3	Depreciation	135.43
4	Interest and finance charges	50.09
5	Interest on working capital	0.00

Sl.No.	Particular	MYT Order
6	Provision for bad debts	3.84
7	Sub-total (1 to 6)	5740.73
8	Return on equity	59.51
9	Provision for tax / tax paid	19.33
10	Total expenditure (7 to 9)	5819.57
11	Less: Non-tariff income	88.62
12	**Aggregate Revenue Requirement**	**5730.95**

5.3 Projected Revenue from existing tariff for FY 2012-13

The licensee has submitted that the revenue from sale of power is Rs. 4702 Crore. The licensee has estimated the revenue of Rs. 4702 Crore for FY 2012-13 based on the revised tariff as per the Tariff Order dated 6th September, 2011. The revenue from FPPPA for FY 2012-13 has been projected considering the rate of 0.61 Rs. per unit, which is the average FPPPA for FY 2010-11. The licensee has considered the approved sales for FY 2012-13 and has applied the existing tariff while computing the revenue for the FY 2012-13. The Other Consumer Related Income and the Agriculture Subsidy (expected from State Government) for FY 2012-13 have been taken equal to that approved by the Commission in its order dated 6th September, 2011, which are equal to Rs. 63 Crore and Rs. 49 Crore respectively. The revenue estimated for FY 2012-13 is shown in the table below:

Table 5.2: Projected Revenue for FY 2012-13

(Rs. Crore)

Sl.No.	Parameter	Rs. Crore
1	Revenue from sale of power	4702.00
2	Revenue from FPPPA at Rs. 0.61 per kwh	667.00
3	Other Income (Consumer Related)	63.00
4	Agriculture Subsidy (expected from government)	49.00
5	**Total Revenue**	**5481.00**

5.4 Estimated Revenue and Revenue (gap)/surplus for FY 2012-13

The Commission has considered the total category-wise sales as approved in the MYT Order and has applied the existing tariff on the approved sales for each category of consumers. The Commission has computed the revenue of Rs. 4636.37 Crore at the existing tariff. The total revenue from sale of power computed by the Commission at existing tariff is Rs.5415.71 Crore including FPPPA. The FPPPA rate has been considered at Rs. 0.61 per unit. Due to implementation of the revised and restructured tariff with effect from September 1, 2011, the billing details of the DGVCL have not been stabilized. Hence, Commission has considered the revenue of Rs. 4702 Crore projected by the licensee while computing the revenue gap for FY 2012-13. The estimated gap for FY 2012-13 is given in the table below:

Table 5.3: Estimated Revenue and Revenue gap/(surplus) for FY 2012-13

(Rs. Crore)

Sl.No.	Parameter	Estimated by the Commission
1	Approved ARR for FY 2012-13	5730.95
2	**Add:** Revenue gap/(surplus) due to truing up of FY 2010-11	12.66
3	**Add:** Revenue gap/(surplus) due to truing up of FY 2009-10	(53.96)
4	**Net ARR for FY 2012-13 (1+2+3)**	5689.65
5	Revenue from sale of power at existing tariff rates	4702.00
6	Revenue from FPPPA at Rs. 0.61 per kWh	667.34
7	Other Income (Consumer Related)	63.00
8	Agriculture Subsidy (expected from government)	49.00
9	Total Revenue(5+6+7+8)	5481.34
10	**Total revenue gap for FY 2012-13 including truing up (4-9)**	**208.31**

5.5 Consolidated Revenue gap of the DISCOMs for FY 2012-13

In the Tariff Order dated 31st March, 2010 for FY 2010-11 the Commission has approved the mechanism for allocation of GUVNL cost based on gap/surplus of GUVNL as proposed by the licensee. As approved in the order, it is required to calculate the revenue from sale of power by GUVNL other than DISCOMs and expenses like employee cost, A&G expenses, depreciation, interest and finance charges and share of e-Urja utilisation charges. Accordingly, the Commission has calculated GUVNL cost from its balance sheet for FY 2010-11 as detailed below:

Table 5.4: GUVNL cost allocation for FY 2010-11

Sr.No.	Particulars	Rs.Crore	MU
1	Power Purchase by GUVNL as per audited accounts	20,041	64,645
2	Less: Buyback from Discom	1,591	4,172
3	Actual Purchase by GUVNL (1-2)	18,450	60,473
4	Sold to other than Discom	1,652	4,232
5	Chargeable to Discom (3-4)	16,798	56,241
6	Other Income	205	
7	Expenses other than power purchase	167	
8	GUVNL (gap)/surplus (6-7)	38	
9	Required to be charged by GUVNL (5-8)	16,760	
10	Actually Charged to Discom	16,867	56,241
11	Difference to be refunded (10-9)	107	

The Commission is of the view that the gap or surplus of the holding company (GUVNL) should be distributed among the four DISCOMs as detailed in the Tariff Order dated 31st March, 2010. Accordingly, Commission has considered the surplus of Rs. 107 Crore while computing the consolidated revenue gap of all the DISCOMs.

The Commission had approved additional 48 paise per unit FPPPA against quarter three of FY 2011-12 to be recovered from 1st February, 2012. However, it came to the notice of the Commission in the context of scrutiny of FPPPA submission for quarter four of FY 2011-12 that GUVNL has started recovery of additional 48 paise per unit as “unrecovered FPPPA for January, 2012” from the consumers during the months of April, May and June 2012. This is inconsistent with the approval of the Commission because the additional 48 paise per unit was to be recovered only from February, 2012.

It is estimated that the additional FPPPA, @ 48 paise per unit for the month of January 2012 recovered/to be recovered by GUVNL, is Rs. 206.27 Crore during the months of April, May and June 2012.

In view of the above the Commission has decided to adjust this additional recovery of Rs. 206.27 Crore against the consolidated revenue gap of FY 2012-13 for the four DISCOMs. The table below summarises the consolidated revenue gap for FY 2012-13:

Table 5.5: Consolidated Revenue Gap of DISCOMs for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	DGVCL	MGVCL	UGVCL	PGVCL	Total
A	Net revenue gap/(surplus) due to truing up of FY 2009-10	(53.96)	47.00	16.73	(147.48)	(137.71)
B	Net revenue gap/(surplus) due to truing up of FY 2010-11	12.66	32.06	307.47	133.00	485.19
C	Total revenue gap/(Surplus) due to truing up (A+B)	(41.30)	79.06	324.20	(14.48)	347.48
D	Less: Adjustment of GUVNL surplus for FY 2010-11					107.00
E	Total consolidated gap for the first control period (C-D)					240.48
F	Estimated Revenue Gap for FY 2012-13	249.61	268.63	408.27	539.67	1466.18
G	Less: FPPPA recovery by GUVNL for April, May and June 2012					206.27
H	Net gap for FY 2012-13 (F-G)					1259.91
I	Total consolidated gap for FY 2012-13 (E+H)					1500.39

The Commission, accordingly, considers the consolidated revenue gap of Rs. 1500.39 Crore for the four Licensees viz. UGVCL, DGVCL, MGVCL and PGVCL for FY 2012-13.

6. Fuel and Power Purchase Price Adjustment

6.1 Fuel Price and Power Purchase Price Adjustment

The Commission had approved the formula for Fuel Price and Power Purchase Cost Adjustment vide order in Case No.2 of 2003 dated 25th June, 2004.

The DGVCL in its submission has projected revenue from FPPPA charges of Rs. 667.00 Crore for FY 2012-13. The licensee has submitted that the average FPPPA rate for FY 2010-11 was Re 0.61 per unit and considered this rate for projecting the total revenue from FPPPA charges for FY 2012-13.

6.2 Formula

Commission's decision

The FPPPA formula approved by the Commission in the order dated 25th June, 2004 is given below:

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

Where,

$$F_{OG} = \sum_{n=1}^{k} [\, (H_B \times OGD_A) \times (\text{Fuel } C_A - \text{Fuel } C_B) \,]$$

Where,

F_{OG}	Adjustment on account of variations in delivered cost of Fuel at GEB's Thermal Power Stations Rs. in millions
N	1 to k, the thermal power stations in GEB. Details at Table-8.
OGD_A	is the actual level of delivered energy at the bus bar (net generation) from GEB's thermal plants in million units during the control period.
H_B	is the base station heat rate in K.Cal./ kWh calculated on the net output using permitted auxiliary consumption (Table -8)
Fuel C_A	is the new landed price of fuel at relevant GEB'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 central/state Government PSUs.@**
Fuel C_B	is the base## landed price of fuel at relevant GEB'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.

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

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.

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

Where,

PPP_2	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.

6.3 Base price of fuel of GSECL stations

The Commission has approved the operational parameters for each source / station variable cost / kWh, total fixed cost for GSECL central generating stations, IPPs and others for the FY 2012-13 as given below:

Stations	Rated Capacity allocated to GUVNL (MW)	Auxiliary Consumption (%)	FC Approved MYT (Rs. Crore)	VC (Rs./Unit)
GSECL Plants				
Ukai TPS	850	9	246.64	1.710
Ukai Hydro	305	1	24.42	0.000
Gandhinagar I to IV	660	10	266.37	2.375
Gandhinagar V	210	9	97.24	2.130
Wanakbori I to VI	1260	9	365.37	2.108
Wanakbori VII	210	9	94.58	2.022
Wanakbori Expansion	800	9	673	1.600
Sikka TPS	240	11	121.68	2.769
Kutch Lignite I to III	215	12	221.50	1.181
Kutch Lignite IV	75	12	129.34	1.109
Dhuvaran oil	-	-	-	-
Kadana Hydro	242	1	61.45	0.000
Utran Gas Based	135	4	51.88	2.367
Dhuvaran Gas Based - Stage-I	107	3	56.17	2.411
Dhuvaran Gas Based - Stage-II	112	3	67.41	2.388
Utran Extension	375	3	290.98	2.071
Ukai Expansion 6	500	9	401	1.540
Sikka 3 & 4	500	9	401	1.990
Dhuvaran CCPP Ext - 3	360	3	329	3.390
Total of GSECL plants	**7156**		**3899.42**	
IPPs				
ESSAR	300	3	251	2.95
GPEC	655	3	515	2.40
GIPCL II (160)	165	3	54	1.95
GIPCL-SLPP	250	10	158	1.14
GSEG	156	3	126	1.77

Stations	Rated Capacity allocated to GUVNL (MW)	Auxiliary Consumption (%)	FC Approved MYT (Rs. Crore)	VC (Rs./Unit)
GIPCL - I (145)	42	3	23	2.15
GIPCL Addition	500	10	315	1.14
GMDC - Akrimota	250	10	203	0.74
GSEG Expansion	351	4	238	5.00
GIPCL, Expansion	250	10	158	1.14
GSPC-Pipavav	700	4	473	5.00
BECL	500	11	390	1.20
Total of IPPs	**4119**		**2903**	
SHARE FROM CENTRAL SECTOR				
NPC - Tarapur- 1&2	160	10	-	0.95
NPC - Kakrapar	125	13	-	2.19
NPC kakrapar addition	476	13	-	2.89
NPC - Tarapur- 3&4	274	10	-	2.32
NTPC – Lara	140	9	170	1.31
NTPC - KORBA	360	8	74	0.76
NTPC - VINDHYACHAL - I	230	9	58	1.27
NTPC - VINDHYACHAL - II	239	8	98	1.23
NTPC - VINDHYACHAL - III	266	8	165	1.21
NTPC - KAWAS	187	3	75	2.32
NTPC - JHANOR	237	3	132	2.14
NTPC - Sipat Stage - I	540	8	421	0.88
SSNNL - Hydro	232	1	-	2.05
NTPC - Kahalgaon (New)	141	8	172	1.78
NTPC - Sipat Stage-II	273	7	192	0.88
NTPC - Mauda STPS-I	240	7	242	0.89
NTPC - Barh STPS-I	260	7	169	0.81
NTPC - Vindhyachal STPS-IV	240	7	287	0.87
NTPC - Barh STPS-II	174	7	102	0.89
NTPC - Mauda STPS-II	240	7	470	1.05
NTPC - KORBA II	96	7	102	0.72
Mundra UMPP	1805	-	1448	0.91
Tilaiya UMPP	300	-	143	0.95
Total from Central Sector	**7235**		**4522**	
OTHERS				
Captive Power Plant (MU)	8	-	-	3.64
Renewable				
Wind Farms (1.75)	22			1.75
Wind Farms (3.37)	782			3.37
Wind Farms (3.56)	229			3.56
Solar Photovoltic	944			15.00
Solar Thermal	25			11.00
Biomass	30			4.40
Hydro	9			3.52
Competitive Bidding				

Stations	Rated Capacity allocated to GUVNL (MW)	Auxiliary Consumption (%)	FC Approved MYT (Rs. Crore)	VC (Rs./Unit)
APPL	2000		1634	1 .43
Aryan	200		226	0 .55
Essar - 1000 MW	1000		820	1 .27
Wardha Power - KSK Mahanadi Power Co	1010		1023	0 .62
Essar - 800 MW	800		798	1 .38
Shapoorji Pallonji	800		798	1 .38

GUVNL may claim the increase in the power purchase cost in accordance with the formula approved by the Commission in June, 2004 and some changes introduced by the order dated 5th May, 2006 and pass on to the DISCOM to be recovered from the consumers as per orders of the Commission from time to time.

6.4 Base FPPPA charge fixed at 61 paise/unit.

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

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.

7. Wheeling charges and cross subsidy surcharge

7.1 Allocation matrix

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

The Commission has considered in its MYT Regulations the following allocation matrix for segregation of wheeling and retail supply ARR for DGVCL:

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

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

The Commission has adopted the same allocation matrix given in Table 7.1 for segregation of the approved ARR for wires business and retail supply business for DGVCL for FY 2012-13.

Table 7.2: Allocation of ARR between wheeling and retail supply business for DGVCL for FY 2012-13

(Rs. Crore)

Sl. No	ARR components	Wire business (%)	Wire business	Retail business (%)	Retail business	Total
1	Power Purchase cost	0%	0.00	100%	5357.06	5357.06
2	O&M Expenses					
2.1	Employee cost	60%	106.01	40%	70.67	176.68
2.2	Repair and Maintenance Expenses	90%	25.83	10%	2.87	28.70
2.3	Administrative & General Expenses	50%	16.22	50%	16.22	32.43
2.4	Other Debits	50%	2.12	50%	2.12	4.23
2.5	Extraordinary Items	50%	0.14	50%	0.14	0.27
2.6	Net Prior Period Expenses / (Income)	25%	0.00	75%	0.00	0.00
2.7	Other Expenses Capitalised	55%	-26.40	45%	-21.60	-48.00
3	Depreciation	90%	121.89	10%	13.54	135.43
4	Interest & Finance Charges	90%	45.08	10%	5.01	50.09
5	Interest on working capital	10%	0.00	90%	0.00	0.00
6	Provision for bad debt	0%	0.00	100%	3.84	3.84
7	**Sub-Total [1 to 6]**		**290.87**		**5449.86**	**5740.73**
8	Return on equity	90%	53.56	10%	5.95	59.51
9	Provision for Tax / Tax Paid	90%	17.40	10%	1.93	19.33
10	**Total Expenditure (7 to 9)**		**361.83**		**5457.74**	**5819.57**
11	Less: Non-tariff income	10%	8.86	90%	79.76	88.62
12	**Aggregate Revenue Requirement (10-11)**		**352.97**		**5377.99**	**5730.95**
13	**Less: other income consumer related**	10%	6.30	90%	56.70	63.00
14	**Net ARR**		**346.67**		**5321.29**	**5667.95**

7.2 Wheeling charges

The wheeling charges for the four Distribution Companies, DGVCL, MGVCL, PGVCL and UGVCL for the FY 2012-13, the second year of the control period (FY2011-12 to FY 2015-16) as given below are applicable for use of the distribution system of a licensee by other licenses or generating companies or captive power plants or consumers / users who are permitted open access under section 42 (2) of the Electricity Act, 2003.

Sl.No.	Particulars	Units	Amount
1	Distribution costs of the four DISCOMs	Rs. Crore	2204.55
2	Distribution cost of the four DISCOMs at 11 kV level (30% of total distribution cost)	Rs. Crore	661.36
3	Energy input at 11 kV	MU	59641.00
4	Wheeling charges at 11 kV	Ps./kWh	11
5	Wheeling charges at 400 V (LT)	Ps./kWh	41

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

Distribution losses

The distribution loss at 11 kV and 400 V during FY 2012-13 are given below:

Particulars	Point of energy delivered	
	11 kV	400 Volts
11 kV, 22 kV and 33 kV	10%	17.64%
400 Volts	-	12.07%

The losses in HT and LT network are 10% and 12.07% respectively, with respect to energy input to the segment of the system. In case injection at 11 kV levels and drawal at LT level envisages use of both the networks i.e. 11 kV and LT, in that case, the combined loss works out to 17.64% of the energy injection at 11 kV network.

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

7.3 Cross subsidy charges

The Commission has decided to continue the cross subsidy surcharge as determined in the MYT Order dated 6th September, 2011 at Rs. 0.39/kwh. It will be reviewed during the mid - term review.

Annexure 7.1

Computation of Wheeling charges

Sl. No	Particulars	Unit	DGVCL	MGVCL	PGVCL	UGVCL	Total
1	Distribution		346.67	388.35	924.54	544.99	2204.55
	(a) 11 kV level (at 30%)	Rs. Crore	104.00	116.51	277.36	163.50	661.36
	(b) LT level (at 70%)	Rs. Crore	242.67	271.85	647.18	381.49	1543.18
2	Energy input at DISCOM periphery	MU	12432.00	8907.00	20955.00	17347.00	59641.00
3	**Wheeling charges at 11 kV 1(a/2)*1000**	**Ps./kWh**	**8.37**	**13.08**	**13.24**	**9.43**	**11.09**
4	11 kV losses (@10%)	MU	1243.20	890.70	2095.50	1734.70	5964.10
5	Sales at 11 kV	MU	4285.00	3180.00	4235.00	4256.00	15956.00
6	Energy input at LT (MU) (2-(4+5))	MU	6903.80	4836.30	14624.50	11356.30	37720.90
7	**Wheeling charges at LT (1(b)/6)*1000**	**Ps./kWh**	**35.15**	**56.21**	**44.25**	**33.59**	**40.91**
8	Sales at LT level	MU	6655.00	4614.00	11062.00	10836.00	33167.00
9	LT loss (6-8)	MU	248.80	222.30	3562.50	520.30	4553.90
		%	3.60	4.60	24.36	4.58	12.07
10	Total losses (4+9)	MU	1492.00	1113.00	5658.00	2255.00	10518.00
		%	12.00	12.50	27.00	13.00	17.64

8. Compliance of Directives

8.1 Compliance of earlier Directives

In its previous Tariff Orders, the Commission had issued certain directives to the DGVCL in the public interest as a part of the Tariff Order which are reproduced as under.

Directive 1: Poor quality of supply and poor voltages

Some of the stakeholders have complained during the public hearing and also in written submission that quality of supply and the voltages are poor, particularly, in the case of power supply to agricultural consumers.

The DISCOM is directed to ensure quality power supply with proper voltages to all categories of consumers particularly to consumers at tail end of feeders by providing required reactive compensation etc.

Directive 2: L&T Meters

While responding to a complaint by some of the stakeholders during the public hearing and through written submission on the functioning of L&T meters, the DISCOM has responded that the issue is 'sub-judice'. The DISCOM is directed to submit the report on the nature of complaint by the consumers and the present status of the case.

Directive 3: Interest on Capital investment for agricultural connections / extension

Some of the stakeholders have suggested that the State Government shall be asked to bear the burden of interest on capital investment on agricultural extensions and connections.

The DISCOM is directed to submit a report on the sources of funding for the extension of supply to agricultural consumers and service connections, and the costs and the interest on such investments, and how the interest on such investments is treated.

Directive 4: Distribution losses

It is pointed out by a number of stakeholders that the DISCOMs have not segregated the technical and commercial losses and the burden of commercial losses is being passed on to all consumers.

The DISCOM is directed to get the technical and commercial losses segregated by conducting proper energy audit. Such segregation is necessary as the measures required to be taken for the two types of losses are different.

Commission's comment

The Commission directs DGVCL to submit compliance of the above directives along with compliance on the observations made by the Commission on the earlier directives in the Tariff order dated 6th September, 2011, within one month of the issuance of this Tariff Order.

8.2 Fresh Directive

Directive 1: Category-wise cost-to-serve (Cost of supply)

DGVCL has submitted the category-wise cost of supply report for FY 2009-10. The Commission is analysing the same. DGVCL is directed to submit the same report for FY 2010-11 and FY 2011-12.

9. Tariff philosophy and Tariff approved for FY 2012-13

9.1 Introduction

The Commission has been guided by the provisions of the Electricity Act, 2003, the National Electricity Policy (NEP), the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and the Regulations on Terms and Conditions of Tariff, 2005 and MYT Regulations, 2011 notified by the Commission.

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

The Commission has carried forward the process of rationalization of tariff in order to ensure that the tariffs reflect, as far as practicable, the cost of supply. The Commission has also tried to address operational and field level issues – keeping in view the interest of consumers – while rationalizing the tariff structure.

DGVCL has submitted the projected revenue for the FY 2012-13 and has not proposed any tariff revision for the FY 2012-13 to meet the revenue gap for FY 2010-11.

9.2 Revenue Gap / Surplus

Gap / Surplus of DGVCL for FY 2012-13

The Commission has estimated a revenue surplus of Rs. 41.30 Crore based on the truing up of FY 2009-10 and FY 2010-11 and the revenue gap of Rs. 249.61 Crore for FY 2012-13 as shown in the Table 5.3.

The State Government envisaged a uniform structure of retail supply tariff in the four DISCOMs so that consumers in similar categories in the state could have similar tariff as in the erstwhile GEB and there may not be any discrimination among the consumers on account of the restructuring.

Each of the distribution companies, has different consumer profile and consumption profile and hence the revenue earning capability of each DISCOM differs; so also the Annual Revenue Requirement.

In such a situation when the tariffs of the four DISCOMs are uniform, though revenue earning capabilities of DISCOMs are different due to different consumer profile, it is logical to view the financial parameters of the DISCOMs with an overall perspective.

The consolidated revenue gap at existing tariff for the 4 Licensees viz. UGVCL, DGVCL, MGVCL and PGVCL is Rs. 240.48 Crore for the first control period. The net revenue gap for FY 2012-13 of the four DISCOMs is Rs. 1259.91 Crore. Accordingly, the total consolidated revenue gap for the four DISCOMs for FY 2012-13 is Rs. 1500.39 Crore (Rs. 240.48 Crore + Rs. 1259.91 Crore). The projected sale for FY 2012-13 is 49124 MUs. This implies an increase in the exiting tariff by 30 paise per unit to meet the consolidated revenue gap of Rs. 1500.39 Crore for the four DISCOMs for FY 2012-13.

The MYT Regulations, 2011 provides that while determining the tariff for the FY 2012-13, the Commission should consider the ARR for the FY 2012-13 as approved in the MYT Order. During the first control period, the Commission had revised the ARR every year at the time of tariff determination and at that time the actual capitalization of the previous year was captured. But, in this second control period, as the Commission is not to revise ARR for the FY 2012-13, and considering the past performance of the licensees in implementing the approved CAPEX and capitalization, it is anticipated that the ARR of the FY 2012-13 based on the audited figures will be lower than the approved ARR in the MYT Order.

The Commission has received representations from the consumers / consumer associations regarding increase in FPPPA charges during the FY 2011-12. It is observed that the FPPPA charges for the billing month of April 2011 was 63 paise per unit which increased to 137 paise per unit for the billing month of April 2012. In view of the pass-through mechanism of increase in fuel price as well as power purchase price, the total billing amount for a typical residential consumer having monthly consumption of 100 units increased from Rs. 446 in April 2011 to Rs. 530 in

April 2012. Hence, there is almost 20% hike in electricity bill of an average residential consumer. In view of this, there is a need to protect the consumer from the tariff shock.

Further, in accordance with the tariff policy, the Commission also initiated third-party verification of the audited accounts of FY 2010-11 of the Distribution Licensees and audit of the fuel cost of the regulated generating stations of GSECL for the FY 2010-11. The commercial implication resulting from the audit exercises is also required to be captured.

In view of the above, it is decided to increase the tariff rates for the FY 2012-13 to meet only a part of the gap of FY 2012-13 and accordingly the energy charge for all categories of the consumers is increased by 10 paise per unit, except for BPL Consumers, for the first 50 units of consumption per month of residential consumers and for agricultural consumers. With this increase, it is estimated that the additional revenue will be Rs. 329 crore for all the four DISCOMs. The remaining gap of the FY 2012-13, if any, will be addressed at the time of truing up on the basis of audited figures.

9.3 Electricity Duty

During the public hearing, several consumer organisations and others once again brought to the notice of the Commission about the ad-valorem structure of the Electricity Duty. Distribution utilities pointed out to the Commission regarding structure of the Electricity Duty levied from various consumer categories. It may be noted that imposition of Electricity Duty is the prerogative of the government. However, the Commission has noted the issues raised and feels that there is a need to rationalise Electricity Duty structure.

The Commission feels that the system of ad-valorem duty increases the impact of any tariff increase even further. The ad-valorem structure increases the burden on the consumer, impact the finances of the utilities and distorts the tariff structure.

There is a need to revisit the structure of the Electricity Duty in order to make it in consonance with the tariff order issued by the Commission on 6th September, 2011. In the last tariff order of the Commission, motive power and commercial categories were merged and a new category was created in order to have one meter for one premises. But distribution companies are not in a position to remove the meter provided earlier for recording commercial consumption because consumers are required to pay different duties under the Electricity Duty provisions.

Consequently, there is a need to revisit the categorisation and slabs relating to electricity duty. There is scope for simplification of the structure of Electricity Duty keeping in view the recent development. It is also necessary and desirable to do away with the ad-valorem nature of Electricity Duty. The Electricity Duty may be in absolute terms, i.e. paise per unit of electricity, which can be reviewed from time to time with the annual budget.

The Commission therefore, suggested that the government should consider rationalising Electricity Duty structure, keeping in view the above aspects, so that it is in line with the tariff structure and becomes stable, predictable and more transparent.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for Dakshin Gujarat Vij Company Limited (DGVCL) for the FY 2012-13 as shown in the following table.

ARR approved for the FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	FY 2012-13
1	Cost of Power Purchase	5357.06
2	Operation & Maintenance Expenses	237.81
2.1	Employee Cost	176.68
2.2	Repair & Maintenance	28.70
2.3	Administration & General Charges	32.43
2.4	Other Debits	4.23
2.5	Extraordinary Items	0.27
2.6	Net Prior Period Expenses / (Income)	0.00
2.7	Other Expenses Capitalised	(48.00)
3	Depreciation	135.43
4	Interest & Finance Charges	50.09
5	Interest on Working Capital	0.00
6	Provision for Bad Debts	3.84
7	**Sub-Total [1 to 6]**	**5740.74**
8	Return on Equity	59.51
9	Provision for Tax / Tax Paid	19.33
10	**Total Expenditure (7 to 9)**	5819.57
11	Less: Non-Tariff Income	88.62
12	**Aggregate Revenue Requirement (10 - 11)**	**5730.95**

The approved retail supply tariff will be 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: TARIFF SCHEDULE FOR FY 2012-13

TARIFF SCHEDULE

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

Effective from 1st June 2012

GENERAL

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of unbundled Distribution Licensees of the erstwhile GEB viz. UGVCL, DGVCL, MGVCL and PGVCL.

2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.

3. All these tariffs for power supply are applicable to only one point of supply.

4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.

5. Except in cases where the supply is used for purposes for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.

6. Meter charges shall be applicable as prescribed under 'GERC (Licensee's Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005 as in force from time to time.

7. The various provisions of the GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations will continue to apply.

8. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.

9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).

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

11. The Fixed charges, minimum charges, demand charges, meter rent and the slabs of consumption of energy for energy charges mentioned shall not be subject to any

adjustment on account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of billing period for any reason.

12. Contract Demand shall mean the maximum kW for the supply of which licensee undertakes to provide facilities to the consumer from time to time.

13. 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.

14. 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.

15. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and licensee shall be entitled to take any other action deemed necessary and authorized under the Act.

16. Delayed payment charges for all consumers:

    No delayed payment charges shall be levied if the bill is paid within ten days from the date of billing (excluding date of billing).

    Delayed payment charges will be levied at the rate of 15% per annum in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.

    For Government dues, the delayed payment charges will be levied at the rate provided under the relevant Electricity Duty Act.

PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY

AT LOW AND MEDIUM VOLTAGE

1.0 Rate: RGP

This tariff is applicable to all services in the residential premises which are not covered under ‘Rate: RGP (Rural)’ Category.

Single-phase supply- Aggregate load up to 6kW

Three-phase supply- Aggregate load above 6kW

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

PLUS

1.2 Energy Charges: For the total monthly consumption: (Other than BPL consumers)

(a)	First 50 units	295 Paise per Unit
(b)	Next 50 units	335 Paise per Unit
(c)	Next 150 units	400 Paise per Unit
(d)	Above 250 units	490 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
(c)	For remaining units	Rate as per RGP

**The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the sub-division office of the Distribution Licensee. The concessional tariff is only for 30 units per month.

1.4 Minimum bill (excluding meter charges)

Payment of fixed charges as specified in 1.1 above.

2.0 Rate: RGP (Rural)

This tariff is applicable to all services for residential premises located in areas within Gram Panchayat as defined in the Gujarat Panchayats Act.

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

Single-phase supply- Aggregate load up to 6kW

Three-phase supply- Aggregate load above 6kW

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

PLUS

2.2 Energy Charges: For the total monthly consumption: (Other than BPL consumers)

(a)	First 50 units	255 Paise per Unit
(b)	Next 50 units	295 Paise per Unit
(c)	Next 150 units	360 Paise per Unit
(d)	Above 250 units	460 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
(c)	For remaining units	Rate as per RGP (Rural)

**The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the sub-division office of the Distribution Licensee. The concessional tariff is only for 30 units per month.

2.4 Minimum bill (excluding meter charges):

Payment of fixed charges as specified in 2.1 above.

Note: If the part of the residential premises is used for non-residential (commercial) purposes by the consumers located within 'Gram Panchayat' as defined in Gujarat Panchayat Act, entire consumption will be charged under this tariff.

3.0 Rate: GLP

This tariff is applicable to the educational institutes and other institutions registered with the Charity Commissioner and research and development laboratories.

(a)	Fixed charges	Rs. 45/- per month
(b)	Energy charges	355 Paise per Unit

4.0 Rate: Non-RGP

This tariff is applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load up to and including 40kW.

4.1 Fixed charges per month:

(i) First 10 kW of connected load	Rs. 30/- per kW
(ii) For next 30 kW of connected load	Rs. 55/- per kW

PLUS

4.2 Energy charges:

(a)	For installation having contracted load up to and including 10kW: for entire consumption during the month	400 Paise per Unit
(b)	For installation having contracted load exceeding 10kW: for entire consumption during the month	430 Paise per Unit

4.3 Minimum Bill

Minimum bill per installation per month for consumers other than Seasonal Consumers:

Rs. 140 per kW

4.4 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. 1600/- per annum per kW of the contracted load.

(d) The units consumed during the off-season period shall be charged for at a flat rate of 445 Paise per unit.

(e) The electricity bills related to the off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills related to the seasonal period only under the heads "Fixed Charges" and "Energy Charges", shall be taken into account while determining the amount of short-fall payable towards the annual minimum bill as specified under sub-clause (c) above.

5.0 Rate: LTMD

This tariff is applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load above 40kW and up to 100kW.

This tariff shall also be applicable to consumer covered in category- 'Rate: Non-RGP' so opts to be charged in place of 'Rate: Non-RGP' tariff.

5.1 Fixed charges:

(a)	**For billing demand upto the contract demand**	
	(i) For first 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)	**For billing demand in excess of the contract demand**	Rs. 210/- per kW

PLUS

5.2 Energy charges:

For the entire consumption during the month	435 Paise per Unit

PLUS

5.3 **Reactive Energy Charges:**

For all the reactive units (KVARH) drawn during the month	10 paise per KVARH

5.4 Billing Demand

The billing demand shall be highest of the following:

(a) Eighty-five percent of the contract demand

(b) Actual maximum demand registered during the month

(c) 15 kW

5.5 Minimum Bill

Payment of demand charges every month based on the billing demand.

5.6 Seasonal Consumers taking LTMD Supply:

5.6.1 The expression, "Seasonal Consumer", shall mean a consumer who takes and uses power supply for ice factory, ice-candy machines, ginning and pressing factory, oil mill, rice mill, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fishery industry), tapioca industries manufacturing starch, pumping load or irrigation, white coal manufacturers etc.

5.6.2 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.

5.6.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub clause 5.6.1 above and complying with provisions stipulated under sub clause 5.6.2 above shall be Rs. 2700/- per annum per kW of the billing demand.

5.6.4 The billing demand shall be the highest of the following:

(a) The highest of the actual maximum demand registered during the calendar year.

(b) Eighty-five percent of the arithmetic average of contract demand during the year.

(c) 15 kW.

5.6.5 Units consumed during the off-season period shall be charged for at the flat rate of 445 Paise per unit.

6.0 Rate: Non-RGP Night

This tariff is applicable for aggregate load up to 40kW and using electricity **exclusively during night hours** from 10.00 PM to 06.00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

6.1 Fixed Charges per month:

Fixed charges specified in Rate Non-RGP above.

PLUS

6.2 Energy Charges:

For entire consumption during the month	230 Paise per Unit

NOTE:

1. *10% of total units consumed and 15% of the contract load can be availed beyond the prescribed hours.*

2. *This tariff shall be applicable if the consumer so opts to be charged in place of* Non-RGP *tariff by using electricity exclusively during night hours as above.*

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

4. *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* Non-RGP.

7.0 Rate: LTMD- Night

This tariff is applicable for aggregate load above 40kW and using electricity **exclusively during night hours** from 10.00 PM to 06.00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

7.1 Fixed Charges per month:

Fixed charges specified in Rate **LTMD** above.

PLUS

7.2 Energy Charges:

For entire consumption during the month	230 Paise per Unit

7.3 Reactive Energy Charges:

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

NOTE:

1. *10% of total units consumed and 15% of the contract load can be availed beyond the prescribed hours.*
2. *This tariff shall be applicable if the consumer so opts to be charged in place of LTMD tariff by using electricity exclusively during night hours as above.*
3. *The option can be exercised to switch over from LTMD tariff to LTMD- Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
4. *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 LTMD.*

8.0 Rate: LTP- Lift Irrigation

Applicable for supply of electricity to Low Tension Agricultural consumers contracting load up to 125 HP requiring continuous (**twenty-four** hours) power supply for lifting water from surface water sources such as cannel, river, & dam and supplying water directly to the fields of farmers for agricultural irrigation only.

(a)	Fixed charges per month	Rs. 25/- per HP
PLUS		
(b)	Energy charges For entire consumption during the month	160 Paise per Unit

9.0 Rate: WWSP

This tariff shall be applicable to services used for water works and sewerage pumping purposes.

9.1 Type I – Water works and sewerage pumps operated by other than local authority:

(a)	Fixed charges per month	Rs.15/- per HP
PLUS		
(b)	Energy charges per month: For entire consumption during the month	395 Paise per Unit

9.2 Type II – Water works and sewerage pumps operated by local authority such as Municipal Corporation. Gujarat Water Supply & Sewerage Board located outside Gram Panchayat Area will also attract this tariff:

(a)	Fixed charges per month	Rs.9 per HP
PLUS		
(b)	Energy charges per month: For entire consumption during the month	375 Paise per Unit

9.3 Type III – Water works and sewerage pumps operated by Municipalities/Nagarpalikas and 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	285 Paise/Unit

9.4 Time of Use Discount:

Applicable to all the water works consumers having connected load of 50 HP and above for the Energy consumption during the Off-Peak Load Hours of the Day.

For energy consumption during the off-peak period, viz., 1100 Hrs to 1800 Hrs.	30 Paise per Unit
For energy consumption during night hours, viz., 2200 Hrs to 0600 Hrs. next day	75 Paise per Unit

10.0 Rate: AG

This tariff is applicable to services used for irrigation purposes only excluding installations covered under LTP- Lift Irrigation category.

10.1 The rates for following group are as under:

10.1.1 HP Based Tariff:

For entire contracted load	Rs.175/HP/month

ALTERNATIVELY

10.1.2 Metered Tariff:

Fixed Charges	Rs. 10 per HP per month
Energy Charges: For entire consumption	50 Paise per Unit per month

10.1.3 Tatkal Scheme:

Fixed Charges	Rs. 10 per HP per month
Energy Charges: For entire consumption	70 Paise per Unit per month

NOTE: The consumers under Tatkal Scheme shall be eligible for normal metered tariff as above, on completion of five years period from the date of commencement of supply.

10.2 No machinery other than pump water for irrigation (and a single bulb or CFL upto 40 watts) will be permitted under this tariff. Any other machinery connected in the installation governed under this tariff shall be charged separately at appropriate tariff for which consumers shall have to take separate connection.

10.3 Agricultural consumers who desire to supply water to brick manufacturing units shall have to pay Rs. 100/HP per annum subject to minimum of Rs. 2000/- per year for each brick Mfg. Unit to which water is supplied in addition to existing rate of HP based / metered agricultural tariff.

10.4 Such Agricultural consumers shall have to pay the above charges for a full financial year irrespective of whether they supply water to the brick manufacturing unit for full or part of the Financial Year.

Agricultural consumers shall have to declare their intension for supply of the water to such brick manufacturing units in advance and pay charges accordingly before commencement of the financial year (i.e. in March every year).

11.0 Rate: SL

11.1 Tariff for Street Light for Local Authorities and Industrial Estates:

This tariff includes the provision of maintenance, operation and control of the street lighting system.

11.1.1 Energy Charges:

For all the units consumed during the month:	370 Paise per Unit

11.1.2 Optional kVAh Charges:

For all the kVAh units consumed during the month:	280 Paise per Unit

11.1.3 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.

11.2 Tariff for power supply for street lighting purposes to consumers other than the local authorities and industrial estates:

11.2.1 Fixed Charges:

Rs. 20 per kW per month

11.2.2 Energy charges:

For all units consumed during the month	370 Paise per kWh

11.2.3 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.

11.2.4 Maintenance other than Replacement of Lamps:

Maintenance of the street lighting system shall be carried out by Distribution Licensee.

12.0 <u>Rate: TMP</u>

This tariff is applicable to services of electricity supply for temporary period at the low voltage.

12.1 FIXED CHARGE

Fixed Charge per Installation	Rs.14 per kW per Day

12.2 ENERGY CHARGE

A flat rate of	435 Paise per Unit

Note: Payment of bills is to be made within seven days from the date of issue of the bill. Supply would be disconnected for non-payment of dues on 24 hours notice.

PART-II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION (3.3 KV AND ABOVE, 3-PHASE 50 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

13.0 Rate: HTP-I

This tariff will be applicable for supply of electricity to HT consumers contracted for 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified in any other HT Categories.

13.1 Demand Charges;

13.1.1 For billing demand upto contract demand

(a)	For first 500 kVA of billing demand	Rs. 100/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 200/- per kVA per month
(d)	For billing demand in excess of 1000 kVA	Rs. 270/- per kVA per month

13.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 370 per kVA per month

PLUS

13.2 Energy Charges

For entire consumption during the month		
(b)	upto 500 kVA of billing demand	400 Paise per Unit
(c)	For next 2000 kVA of billing demand	420 paise per Unit
(d)	For billing demand in excess of 2500 kVA	430 Paise per Unit

PLUS

13.3 Time of Use Charges:

For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs	
(a) For Billing Demand up to 500kVA	35 Paise per Unit
(b) For Billing Demand above 500kVA	75 Paise per Unit

13.4 Billing Demand:

The billing demand shall be the highest of the following:

(a) Actual maximum demand established during the month

(b) Eighty-five percent of the contract demand

(c) One hundred kVA

13.5 Minimum Bills:

Payment of “demand charges” based on kVA of billing demand.

13.6 Power Factor Adjustment Charges:

13.6.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges” for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, will be charged.

13.6.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges” for every 1% rise or part thereof in the average power factor during the month above 95%.

13.7 Maximum Demand and its Measurement:

The maximum demand in kW or kVA, as the case may be, shall mean an average KW/KVA supplied during consecutive 30/15 minutes or if consumer is having parallel operation with the grid and has opted for 3 minutes, period of maximum use where such meter with the features of reading the maximum demand in KW/KVA directly, have been provided.

13.8 Contract Demand:

The contract demand shall mean the maximum KW/KVA for the supply, of which the supplier undertakes to provide facilities from time to time.

13.9 Rebate for Supply at EHV:

On Energy charges:		**Rebate @**
(a)	If supply is availed at 33/66 kV	0.5%
(b)	If supply is availed at 132 kV and above	1.0%

13.10 Concession for Use of Electricity during Night Hours:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning (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.

13.11 Seasonal Consumers taking HT Supply:

13.11.1 The expression, “Seasonal Consumer”, shall mean a consumer who takes and uses power supply for ice factory, ice-candy machines, ginning and pressing factory, oil mill, rice mill, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fishery industry), tapioca industries manufacturing starch, pumping load or irrigation, white coal manufacturers etc.

13.11.2 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.

13.11.3 The total minimum amount under the head “Demand and Energy Charges” payable by a seasonal consumer satisfying the eligibility criteria under sub clause 13.11.1 above and complying with provisions stipulated under sub clauses 13.11.2 above shall be Rs.4000/- per annum per kVA of the billing demand.

13.11.4 The billing demand shall be the highest of the following:

(d) The highest of the actual maximum demand registered during the calendar year.

(e) Eighty-five percent of the arithmetic average of contract demand during the year.

(f) One hundred kVA.

13.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 430 Paise per unit.

13.11.6 Electricity bills paid during off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills for seasonal period only under the heads “Demand Charges” and “Energy Charges” shall be taken into account while determining the amount payable towards the annual minimum bill.

14.0 Rate HTP-II

Applicability: This tariff shall be applicable for supply of energy to HT consumers contracting for 100 KVA and above, requiring power supply for Water Works and Sewerage pumping stations run by Local Authorities and GW & SB. GIDC Water Works.

14.1 Demand Charges:

14.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs.90/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs.190/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs.250/- per kVA per month

14.1.2 For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs.335 per kVA per month

PLUS

14.2 Energy Charges:

For entire consumption during the month		
(b)	Up to 500 kVA of billing demand	400 Paise per Unit
(c)	For next 2000 kVA of billing demand	420 Paise per Unit
(d)	For billing demand in excess of 2500 kVA	430 Paise per Unit

PLUS

14.3 Time of Use Charges:

For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs	
(a) For Billing Demand up to 500kVA	35 Paise per Unit
(b) For Billing Demand above 500kVA	75 Paise per Unit

14.4 Billing demand
14.5 Minimum bill
14.6 Power Factor Adjustment Charges
14.7 Maximum demand and its measurement
14.8 Contract Demand
14.9 Rebate for supply at EHV

} Same as per HTP-I Tariff

15.0 Rate: HTP-III

This tariff shall be applicable to a consumer taking supply of electricity at high voltage, contracting for not less than 100 kVA for temporary period. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

15.1 Demand Charges:

For billing demand up to contract demand	Rs.462/- per kVA per month
For billing demand in excess of contract demand	Rs. 550/- per kVA per month

PLUS

15.2 Energy Charges:

For all units consumed during the month	640 Paise/Unit

PLUS

15.3 Time of Use Charges:

Additional charge for energy consumption during two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs	75 Paise per Unit

15.4	Billing demand	Same as per HTP-I Tariff
15.5	Minimum bill	
15.6	Power Factor Adjustment Charges	
15.7	Maximum demand and its measurement	
15.8	Contract Demand	
15.9	Rebate for supply at EHV	

16.0 Rate: HTP-IV

This tariff shall be applicable for supply of electricity to HT consumers opting to use electricity exclusively during night hours from 10.00 PM to 06.00 AM next day and contracted for regular power supply of 100 kVA and above.

16.1 Demand Charges:

Same rates as specified in Rate HTP-I

PLUS

16.2 Energy Charges:

For all units consumed during the month	210 Paise per Unit

16.3 Billing demand
16.4 Minimum bill
16.5 Power Factor Adjustment Charges
16.6 Maximum demand and its measurement
16.7 Contract Demand
16.8 Rebate for supply at EHV

Same as per HTP-I Tariff

NOTE:

1. *10% of total units consumed and 15% of the contract demand 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 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.*

17.0 Rate: HTP- V

HT - Agricultural (for HT Lift Irrigation scheme only)

This tariff shall be applicable for supply of electricity to High Tension Agricultural consumers contracting for 100 kVA and above, requiring power supply for lifting water from surface water sources such as canal, river and dam, and supplying water directly to the fields of farmers for agricultural irrigation only.

17.1 Demand Charges:

Demand Charges Rs. 25 per kVA per Month

PLUS

17.2 Energy Charges:

For all units consumed during the month	160 Paise per Unit

17.3	Billing demand	Same as per HTP-I Tariff
17.4	Minimum bill	
17.5	Power Factor Adjustment Charges	
17.6	Maximum demand and its measurement	
17.7	Contract Demand	
17.8	Rebate for supply at EHV	

18.0 Rate: RAILWAY TRACTION

This tariff is applicable for power supply to Railway Traction at 132 kV/66 kV.

18.1 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 18.1(b).

PLUS

18.2 Energy Charges:

For all units consumed during the month	465 Paise per Unit

18.3 Billing demand
18.4 Minimum bill
18.5 Power Factor Adjustment Charges
18.6 Maximum demand and its measurement
18.7 Contract Demand
18.8 Rebate for supply at EHV

Same as per HTP-I Tariff