GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order:

Truing up for FY 2010-11and

Determination of Tariff for FY 2012-13

For

Torrent Power Limited-Distribution, Ahmedabad

Case No.1175 of 2011

2nd June 2012

1st Floor, Neptune Tower, Opp.: Nehru Bridge, Ashram Road
Ahmedabad-380 009 (Gujarat), INDIA
Phone: +91-79-26580350 Fax: +91-79-26584542
E-mail: gerc@gercin.org   Visit us: www.gercin.org

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GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

AHMEDABAD

Tariff Order:

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TABLES

ANNEXURES

ABBREVIATION

AGP	Agriculture General Purpose
A&G	Administrative and General
AMR	Automatic Meter Reading
APDRP	Accelerated Power Development and Reform Program
APP	Ahmedabad Power Plant
APR	Annual Performance Review
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
BHP	Brake Horse Power
BoB	Bank of Baroda
BPL	Below Poverty Line
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CGP	Commercial General Purpose
CMD	Coincident Maximum Demand
CPP	Captive Power Plant
CSS	Cross Subsidy Surcharge
CT	Current Transformer
D/C	Double Circuit
DoE	Diversion of Energy
DPC	Delayed Payment Charge
DSM	Demand Side Management
DT	Distribution Transformer
EHV	Extra High Voltage
FPA	Fuel Price Adjustment
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Asset
GIDC	Gujarat Industrial Development Corporation
GIS	Geographic Information System
GLP	General Lighting Purpose
GUVNL	Gujarat Urja Vikas Nigam Ltd
HDFC	Housing Development Finance Corporation
HT	High Tension
HTMD	High Tension Maximum Demand
HV	High Voltage
IDFC	Infrastructure Development Finance Corporation

IGP	Industrial General Purpose
IS	Indian Standards
IT	Information Technology
Kcal	Kilo Calorie
Kg	Kilo Gram
Km	Kilometre
kV	Kilo Volt
kWh	Kilo Watt Hour
LIC	Life Insurance Corporation
LT	Low Tension
LTMD	Low Tension Maximum Demand
LTP	Low Tension Power
MAT	Minimum Alternate Tax
MMBTU	Million British Thermal Unit
MOCB	Miniature Oil Circuit Breaker
MOD	Merit Order Despatch
MRI	Meter Reading Instrument
MRS	Main Receiving Station
MT	Metric Tonne
MU	Million Units
MVA	Mega Volt Ampere
MVAR	Mega Volt-Ampere Reactive
MW	Mega Watt
MYT	Multi-Year Tariff
NTCT	Night Time Concession Tariff
O&M	Operations and Maintenance
OEM	Original Equipment Manufacturer
OHL	Overhead Line
PBT	Profit Before Tax
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement
PPC	Power Purchase Cost
PT	Potential Transformer
R&M	Repair and Maintenance
RE	Revised Estimate
REC	Renewable Energy Certificate
RGP	Residential General Purpose
RLA	Residual Life Assessment
RMU	Ring Main Unit
RoE	Return on Equity
RPO	Renewable Purchase Obligation
RTC	Round the Clock
RTI	Right to Information

SBAR	State Bank Advance Rate
SBI	State Bank of India
SBPLR	State Bank Primary Lending Rate
SCADA	Supervisory Control And Data Acquisition
SCM	Standard Cubic Meter
SD	Security Deposit
SEZ	Special Economic Zone
SLC	Service Line Charges
Sq.Km	Square Kilometer
T&D	Transmission & Distribution
TO	Tariff Order
TOU	Time of Use
TPAL	Torrent Power AEC Limited
TPGL	Torrent Power Generation Limited
TPL	Torrent Power Limited
TPL-G	TPL Generation
TPL-D	TPL Distribution
TPL-G(APP)	TPL-G (Ahmedabad Power Plants)
TPSL	Torrent Power Surat Limited
UI	Unscheduled Interchange
Wt.Av.	Weighted Average
YoY	Year on Year

Before the Gujarat Electricity Regulatory Commission at Ahmedabad

Case No.1175 of 2011

Date of the Order: 02.06.2012

CORAM

Dr. P.K. Mishra, Chairman

Shri Pravinbhai Patel, Member

Dr. M.K. Iyer, Member

ORDER

1. Background and Brief History

1.1 Background

Torrent Power Limited (hereinafter referred to as 'TPL' or 'petitioner') has filed petition under section 62 of the Electricity Act, 2003 read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007 for the True up of FY 2010-11, and MYT Regulations, 2011 for determination of tariff for distribution business at its Ahmedabad & Gandhinagar licensee area for the FY 2012-13 on 31st December, 2011.

The Commission admitted the petition on 9th January, 2012.

1.2 Torrent Power Limited (TPL)

The Torrent Power Limited (TPL) is a company incorporated under the Companies Act, 1956 and is carrying on the business of Generation and Distribution of Electricity in the cities of Ahmedabad, Gandhinagar and Surat. The present petition has been filed by TPL for its distribution business in Ahmedabad and Gandhinagar. TPL had assumed the business consequent to the amalgamation of Torrent Power Ahmedabad Limited (TPAL), Torrent Power Surat Limited (TPSL) and Torrent Power Generation Limited (TPGL) with Torrent Power Limited. Besides, TPL is also engaged in other businesses, which do not come under the regulatory overview of the Commission.

The TPAL was a licensee under the Indian Electricity Act, 1910. Torrent Power Limited is a deemed licensee for distribution of electricity under Section 19 (i) (d) read with section 19 (1) (i) of the Gujarat Electricity Industry (Reorganization and Regularization) Act, 2003 and under section 14 of the Electricity Act, 2003. The Commission had granted approval to transfer / assignment of license to Torrent Power AEC Limited to incorporate the name of TPL as a licensee in place of TPAL without change of any terms and conditions of license.

The approval of the Commission was subject to the order and direction of the Honourable High Court of Gujarat on the scheme of amalgamation / merger of TPAL, TPSL and TPGL and TPL. The scheme of amalgamation was approved by the Honourable High Court of Gujarat vide its order dated 11th September 2006.

1.3 Commission's Order for the first control period

TPL filed its petition under the Multi-Year Tariff Framework for FY 2008-09, FY 2009-10 and FY 2010-11 on 8th May 2008 in accordance with Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007 notified by the Commission. 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 submission made by TPL, the objections by various stakeholders, response of TPL, issues raised during the public hearing and all other relevant material, issued the Multi-Year tariff order on 17th January, 2009 for the control period comprising FY 2008-09, FY 2009-10 and FY 2010-11.

The Commission also issued the orders on (i) Annual Performance Review and Truing up for FY 2008-09 and determination of tariff for FY 2009-10 on 9th December 2009 and (ii) Annual Performance Review for the FY 2009-10 and determination of tariff for FY 2010-11 on 31st March 2010.

1.4 Commission's Order for the second control period

TPL filed its petition under the Multi-Year Tariff Framework for the control period FY 2011-12 to FY 2015-16 on 24th February, 2011 in accordance with Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007 notified by the Commission.

The Commission issued the new MYT regulations notified as GERC (Multi Year Tariff) Regulations, 2011 on 22nd March, 2011.

Regulation 1.4 (a) of GERC (Multi Year Tariff) Regulations, 2011 reads as under:

> *"These Regulations shall be applicable for determination of tariff in all cases covered under these Regulations from 1st April, 2011 and onwards."*

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 TPL, the objections by various stakeholders, response of TPL, 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, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 based on the MYT regulation, 2011.

1.5 Admission of the current petition and public hearing process

TPL submitted the current petition for 'Truing up' of FY 2010-11 and determination of tariff for FY 2012-13 on 31st December, 2011. The Commission admitted the petition (Case No. 1175/2011) on 9th January, 2012.

In accordance with section 64 of the Electricity Act, 2003, the Commission directed TPL to publish its application in the abridged form to ensure public participation. The

Public Notice was published in the following newspapers on 19th January, 2012 inviting objections / suggestions from its stakeholders on the ARR petition filed by it.

Sl. No.	Name of the Newspaper	Language	Date of publication
1	Indian Express	English	19th January, 2012
2	Sandesh	Gujarati	19th January, 2012
3	Gujarat Samachar	Gujarati	19th January, 2012
4	Divya Bhaskar	Gujarati	19th January, 2012
5	Sambhaav Metro	Gujarati	19th January, 2012
6	Jaihind	Gujarati	19th January, 2012
7	Loksatta	Gujarati	19th January, 2012

The petitioner also placed the public notice and the petition on its website (www.torrentpower.com) for inviting objections and suggestions on the petition.

The interested parties / stakeholders were asked to file their objections / suggestions on the petition on or before 18th February, 2012.

The Commission received objections / suggestions from 27 consumers / consumer organisations. The Commission examined the objections / suggestions received and fixed the date of public hearing for TPL to be held at Commission's office, Ahmedabad on 20th March, 2012 and 31st March, 2012. Communications were sent to these consumers / consumer organizations to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in Commission's office in Ahmedabad as scheduled.

The names of consumers and consumer organizations who filed their objections / suggestions and the name of the objectors who participated in the public hearing for presenting their objections are given in Annexure 1.1 and 1.2.

A note on the issues raised by the objectors in written submissions in public hearing in respect of the petition along with the response of TPL and the Commission's views on the response is given in Chapter-3.

1.6 Contents of this order

The order is divided into nine chapters as under:

1. The **first** chapter provides a brief background regarding the Petitioner, the petition on hand and details of the public hearing process and approach adopted in this order.
2. The **second** chapter outlines the summary of the petition.
3. The **third** chapter deals with the public hearing process including the objections raised by various stakeholders, TPL's response and Commission's views on the response.
4. The **fourth** chapter focuses on the details of truing up of FY 2010-11.
5. The **fifth** chapter deals with the determination of tariff for FY 2012-13.
6. The **sixth** chapter deals with compliance of directives and issue of fresh directives.
7. The **seventh** chapter deals with the FPPPA charges.
8. The **eighth** chapter outlines the wheeling charges and cross-subsidy surcharge.
9. The **ninth** chapter deals with the tariff philosophy and tariff proposals.

1.7 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 from FY 2008-09 to FY 2010-11 in the MYT order dated 17th January, 2009. The Commission had approved the Annual Performance Review and 'Truing up' of the FY 2008-09 in the tariff order dated 9th December, 2009 and the 'Truing up' of the FY 2009-10 in the tariff order dated 6th September 2011.

TPL has approached the Commission with the present petition for 'Truing up' for the FY 2010-11 and determination of tariff for the FY 2012-13.

The Commission has undertaken truing up for the FY 2010-11 including computation of gains and losses for the FY 2010-11 based on the submissions of the petitioner and the segregated audited annual accounts made available by the petitioner.

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

1. Controllable parameters have been considered at the level of approval under the MYT order unless the Commission considers that there are valid reasons for revision of the same
2. Un-controllable 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 Organisations and Individuals who filed objections / suggestions

Sr. No	Name
1	Akhil Gujarat Grahak Sewa Kendra
2	Shri Kantilal Shankarlal Raval
3	Shri Navnitlal G. Patel
4	Shri BalkrishnaSinh PrithviSinh Vaghela
5	Teen Murti Bunglows
6	Shri Panchkuva Kapad Mahajan
7	Ahmedabad Wholesale Saree Association
8	Lakshmi Cloth Market Association
9	Hari Om Market Owner's Association
10	Karnavati Complex Owner's Association
11	Sindhi Market Kapad Mahajan
12	Kamdhenu Owner's Association
13	Maskati Cloth Market Association
14	The B.B.C. Member's Co. Op. Commercial Service So. Ltd.
15	The Ahmedabad Handloom Merchant Association
16	Shri Dwarkesh (Railwaypura) Owner's Association
17	Saarthi-3 Co. Op. Housing Soc. Ltd.
18	Shri MurliManohar Cloth Market Welfare Association
19	Shri Rajesh R Patel
20	Shri BipinChandra Chandulal Dave
21	Shri Chaturbhai T. Patel - Chatrapati Shivaji Charitable Trust
22	Shri RK Thapa
23	CERS - Consumer Education and Research Society
24	Shri Amarsinh Chavda
25	Shri Bharat Kanaiyalal Bhatt
26	Gandhinagar Shaher Vasahat Mahamandal
27	UUWA - Utilities Users' Welfare Association

Annexure 1.2

List of participants in public hearing

Sr. No	Name
1	Shri Kantilal Shankarlal Raval
2	Shri BalkrishnaSinh PrithviSinh Vaghela
3	Maskati Cloth Market Association
4	Shri Dwarkesh (Railwaypura) Owner's Association
5	Shri Rajesh R Patel
6	Shri BipinChandra Chandulal Dave
7	Shri Chaturbhai T. Patel - Chatrapati Shivaji Charitable Trust
8	Shri RK Thapa
9	CERS - Consumer Education and Research Society
10	Shri Amarsinh Chavda
11	Shri Bharat Kanaiyalal Bhatt
12	Gandhinagar Shaher Vasahat Mahamandal
13	UUWA - Utilities Users' Welfare Association

2. A Summary of TPL's Petition

2.1 Actuals for FY 2010-11 submitted by TPL

Torrent Power Limited (TPL) submitted the petition seeking approval of True Up for ARR of FY 2010-11 and determination of tariff for the FY 2012-13. The petitioner has also submitted tariff proposal for FY 2012-13 based on the estimated revenue gap for the FY 2010-11 and ARR of FY 2012-13.

The details of expenses under various heads of ARR are given in Table 2.1 below:

Table 2.1: Actuals claimed by TPL for FY 2010-11

(Rs. Crore)

Annual Revenue Requirement	Approved in MYT Order (Jan 17, 2009)	Actuals as per TPL
Power Purchase Cost	1753.56	2,237.14
O&M Expense	**188 .29**	**206.84**
Employee Cost	70.37	89.70
A&G Cost	35.67	42.40
R&M Cost	82.25	74.74
Depreciation	95.57	84.28
Interest Cost on Long-term Capital Loans	130.60	60.84
Interest on Working Capital Loans	26.35	49.63
Interest on Security Deposit	11.01	11.86
Return on Equity	146.19	129.89
Provision for Bad Debt	2.20	-
Contingency Reserve	0.60	0.60
Income Tax	49.69	12.44
Less:		
Non-Tariff Income	84.86	56.71
Annual Revenue Requirement	**2,319.20**	**2,736.81**

2.2 Summary of ARR, revenue at existing tariff and proposed revenue gap

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

Table 2.2: Proposed Revenue Gap for the FY 2010-11

(Rs. Crore)

Particulars	FY 2010-11
ARR as per MYT order dated Jan 17, 2009	**2,319.20**
Gain/(loss) due to Uncontrollable Factors	(462.57)
Gain/(loss) due to Controllable Factors	44.94
Pass through as tariff	447.59
Revised ARR for True Up for FY 2010-11	**2,766.78**
Less:	
Revenue from sale of energy	2,630.50
Adjustments including earlier period	(9.78)
Net Gap/(Surplus)	**146.06**

Table below summarises the approved ARR of FY 2012-13, total revenue projected by TPL from sale of power at the existing tariff during FY 2012-13 and the revenue gap estimated for FY 2012-13:

Table 2.3: Proposed Revenue Gap for the FY 2012-13

(Rs. Crore)

Particulars	FY 2012-13
Approved ARR as per MYT order dated Sep 6, 2011	**3141.29**
Less:	
Revenue from sale of energy projected by TPL	2566.31
FPPPA revenue @ Rs. 0.70 per unit	436.58
Net Gap/(Surplus)	**138.40**

Table below summarises the total revenue gap projected by TPL to be considered at the time of determination of tariff for FY 2012-13:

Table 2.4: Proposed Revenue Gap for the FY 2012-13

(Rs. Crore)

Particulars	Ahmedabad
Net Gap/Surplus for FY 2010-11	**146.06**
Carrying Cost @ 11 % for gap/(Surplus) of FY 2010-11	27.58
Net Gap/Surplus for FY 2012-13	138.40
Cumulative Gap/(Surplus) for FY 2012-13	312.05

2.3 Request of TPL:

1. To admit the petition for Truing up for FY 2010-11, approval of revenue gap for FY 2012-13 and determination of tariff for FY 2012-13.
2. To approve the revenue gap of FY 2010-11 as per the final ‘ Truing up ' and carrying cost for un-recovered gap.
3. To approve the sharing of gains / losses proposed by TPL for FY 2010-11.
4. To approve the revenue gap for FY 2012-13.
5. To approve the wheeling ARR and corresponding charges for wheeling with effect from 1st April, 2012.
6. To approve the retail supply tariff as proposed by TPL.
7. To allow the petitioner to make additions/ alterations/ changes/ modifications to the application at a future date.
8. To permit the petitioner to file all necessary pleadings and documents in the proceedings and documents from time to time for effective consideration of the proceedings.
9. To condone the delay in filing the present petition.
10. To allow the petitioner for any other relief, order or direction, which the Commission deems fit to be issued.
11. To condone any inadvertent omissions/errors/rounding off difference/ shortcomings.

3. Brief outline of objections raised, response from TPL and Commission's view

3.0 Public response to the petition

In response to the public notice, inviting objections/suggestions of the stakeholders on the petition filed by TPL for 'Truing up' of FY 2010-11and determination of tariff for FY 2012-13, a number of consumers/consumer organisations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. It is observed that the objections / suggestions filed, by and large, are repetitive in nature. Some of the objections are general in nature and some are specific to the proposal submitted by TPL for approval of True Up and Tariff revision. The Commission has, therefore, addressed the objections/suggestions issue-wise rather than objector-wise. The objections / suggestions by consumers / consumer organisations, the response from the Petitioner and the views of the Commission are as given below.

3.1 Tariff hike is unacceptable.

Objection: Some objectors submitted that there is no need for a tariff hike. Hike in fixed charges proposed for FY 2012-13 should be rejected. Also, the tariff hike proposed by TPL should be analysed by an expert committee.

TPL's response: TPL has submitted that it has filed the present petition for the approval of ARR and tariff proposal to recover the expenditure incurred / to be incurred by it in line with the provisions of the Act, National Tariff Policy and GERC Regulations.

Ideally, the fixed/demand charge component of tariff should recover the entire fixed cost incurred by the licensee for providing services to its consumers and is in line with the standard tariff philosophy of two-part tariff. The existing fixed/demand charges allow the petitioner to recover about 8.15% of its total revenue through fixed/demand charges and the proposal is to increase it to 13.36% of the total revenue. TPL has proposed to increase the fixed/demand charges to align the same in line with the spirit of the Act and Policies.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.2 Proposed change for the LTMD-II Category

Objection: Proposed increase in demand charges from Rs. 350/KW to Rs. 460/KW is objectionable.

TPL's response: TPL has submitted that the proposed change in the demand charges is for the LTMD-II category (i.e. other than residential/pumping stations run by local authority having connected load more than 15 KW). The cost of serving the additional demand in the LTMD-II category should not be loaded to the other consumers, else it amounts to cross-subsidization and acts prejudicially to the interests of other Consumers. Hence, TPL has proposed to increase the rate for drawl of power in excess of contract demand to create discipline amongst the consumers for such excess drawl.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.3 Changes in Tariff Structure & Billing

Objection: There should be common slab of 300 paise for all units consumed. All other additional charges except energy consumed unit charge should be removed. Monthly billing of consumers should be done instead of bimonthly billing. There should be increase in prompt payment discount given to consumers who are paying their bills regularly.

TPL's response: No response has been furnished by TPL.

Commission's view: *The Commission has reduced the number of slabs and rationalised the electricity tariff schedule in the last two tariff schedules. However, the Commission is of the opinion that to encourage energy conservation there should be some minimum number of slabs. There may be an incremental cost in moving from* *bimonthly billing period to monthly billing period. The Commission has noted the suggestion regarding prompt payment discount.*

3.4 Employee Cost

3.4.1 Objection: Majority of work done by TPL is on contract basis. This has resulted in less employee cost. Working hours for clerical staff has increased. Being the employees of the company they are not paid additional income for extra hours. Thus, the work is done with 60% of amount. The number of new employees is less than the number of employees retiring.

Further, retired employees may be recruited at about half the salary. This increases profit of the company.

TPL's response: TPL has submitted that the objector's observations are misplaced. There has been substantial increase in the volume of work due to growth in number of consumers and size of the network coupled with high inflation which has resulted in increase in costs.

Further, TPL has submitted that it is one of the best performing companies in its line of business. This has been achieved because of its employees and to retain such resources and for maintaining parity with the prevailing market condition of the power sector, it has to incur necessary costs.

Commission view: *The Commission has noted the objection and petitioner's response.*

3.4.2 Objection: TPL is employing contractual workers to achieve low cost due to which the quality of work is poor, and it is also booking the employee cost of those employees who are working in some other areas in TPL Ahmadabad's account.

TPL's response: TPL has strongly refuted the allegations and would like to clarify that separate accounts are being maintained for its regulated business and it has been made available along with the petition.

Commission view: *The Commission asked the petitioner to provide the detailed methodology regarding allocation of various expenses and the same has been provided by the petitioner. However, the Commission has engaged a separate Chartered Accountant firm to audit the annual accounts in its entirety.*

3.5 Allow new players in the market

Objection: GERC has given license to TPL in 1997 for transmission and distribution of power for 28 years. Now, as new companies have entered the power market in the country, it is advisable to get tenders from open market to facilitate competition and providing low cost power supply to consumers. TPL is earning 14-16% profit. Other companies should be given chance for providing low cost power to the consumers.

Commission view: *The Electricity Act 2003 provides for more than one distribution licensee in the business of distribution of electricity in an area. If any interested party is willing to take the distribution business in any of the existing licensee area, GERC on receipt of such application would grant the license based on the prevailing Act and regulations. Moreover, the Commission has granted such type of licence in the past to some companies where there is existence of one distribution licensee.*

3.6 Asset register should be made public

Objection: The contracts made by private companies for purchase of coal, oil, gas etc. should be made public. The asset register of private companies showing the details of transformers, meters, switch gears, boiler, generator, etc. should also be made public.

TPL's response: TPL has stated that it has furnished all relevant details in its ARR petition along with Accounting Statements. The Commission is required to consider the objections and suggestions received from the public on the published petition in accordance with the provisions of Section 64 of Act.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.7 Details of number of consumers and amount earned from them

Objection: TPL should provide details regarding total number of consumers and the amount earned from these consumers annually. Further, TPL should submit the detail of where it spends or plans to spend the amount received from consumers.

TPL's response: TPL has furnished the details of the revenue for the FY 2010-11 and FY 2012-13 in its petition. The revenue being recovered from the consumers has been considered in the truing up of FY 2010-11 in order to arrive at the final revenue gap. The tariff hike as proposed is to recover the revenue gap during FY 2012-13.

Commission view: *The Commission has noted the objection and petitioner's response.*

3.8 Recovery of fixed charge from residential and commercial consumers

Objection: Earlier, the fixed charge was not recovered on per kW basis from residential and commercial consumers. However, with the advent of new tariff order, the same has been implemented by TPL.

Petitioner's response: TPL has submitted that the utility is required to cater to the demand of electricity of the consumers, which is in terms of KW of load. Accordingly, the existing tariff structure provides for recovery of the fixed charges on per KW basis in line with the standard tariff philosophy. The cost of serving the consumers should not be loaded to the other consumers else it amounts cross-subsidization. Thus, the changes implemented in the tariff structure is to reduce the cross subsidy in line with the provisions of Act.

Commission view: *The Commission has noted the objection and petitioner's response.*

3.9 Right of raising objection

Objection: The common consumer is unaware of their right to raise objection on the practice of recovering fixed charge that has been proposed by TPL in their earlier petition. TPL should inform every consumer regarding their right of raising objections against their petition through a separate letter that may be circulated through meter readers.

TPL's response: GERC (MYT) Regulations, 2011 and the GERC (Conduct of Business) Regulations, 2004, specifies the methodology for release of public notice. Thus, TPL's compliance is in line with the Regulations. The suggestions of the objector to communicate about the filing of tariff petition to each consumer through bill distributors seem to be impractical.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.10 Calculation of Tariff hike

Objection: The calculation of tariff hike is done taking into account the fuel charge. However, TPL recovers fuel cost along with the tariff from consumers. TPL should clarify this system of calculating fuel cost after doing tariff hike.

TPL's response: TPL has clarified that the FPPPA formula provides for recovery of variation with respect to the approved base price of fuel and power purchase cost in line with provisions of Tariff Policy and the Act. The FPPPA charges being recovered from the consumers is considered as part of revenue at the time of truing up.

Commission's view: *The FPPPA covers only the incremental fuel cost over and above that is accounted for in the tariff calculation.*

3.11 Calculation of Depreciation

Objection: To calculate depreciation, TPL should submit list of items of generation and distribution assets along with unit wise details of amount, price.

TPL's response: TPL has submitted that it has provided the details pertaining to assets for computation of depreciation in the formats prescribed in the Regulations.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.12 Non-submission of the certificate of electrical inspector

Objection: TPL has not submitted the certificate of electrical inspector for items whose commercial operation has started. Such items should not be considered as capitalised and should not be considered in assets.

TPL's response: In its response, TPL has stated that it submits the copy of the CEI certificate to the Commission for commissioning of all the major capital expenditure incurred.

Commission view: *The Commission had asked TPL to submit all the details related to certificate of Electrical inspectors which have been submitted by TPL.*

3.13 Removal of assets from service whose life is completed

Objection: TPL has not submitted details of old assets whose life has been completed or the details of new assets created side by side the old ones. Amount of those assets whose full depreciation has been recovered or which are discontinued from service should be removed from equity.

TPL's response: TPL strongly refutes the allegation of the Objector. TPL does not claim any depreciation on the assets written off.

Commission's view: *The Commission asked TPL to clarify whether it is claiming depreciation and RoE on the assets written off. In its submission TPL has clarified that it is not claiming depreciation nor claiming ROE on the assets written off.*

3.14 Checking the details in audited accounts, annual statement of accounts and capital expenditure

Objection: Commission and TPL should check the details, from year 2000 to 2011, regarding the audited accounts, annual statement of accounts, capital expenditure done in each year compared with actual expenditure by getting certificates from chief electrical inspector. It is suggested to form an inquiry committee consisting of 5 representatives of consumers, 5 CA, 5 auditors and lawyers from Gujarat High Court who are proficient in matters related to power sector. It should be checked whether the capital expenditure shown by TPL is actually capitalised or adjusted with other franchisee business of TPL.

TPL's response: TPL has stated that it follows and maintains the accounts as per the accounting standards specified by the Institute of Chartered Accountants of India and the same gets duly audited by the Statutory Auditors of the Company.

The details of capital expenditure have been made available in the petition and the same is considered in the Order after following due process of vetting.

Commission's view: *Audited accounts of the petitioner and the capital expenditure are examined by the Commission during the truing up exercise.*

3.15 Booking expenses of Agra, Bhiwandi and Kanpur on consumers of Ahmedabad

Objection: TPL is putting the burden of expenses made in franchisee areas of Agra, Bhiwandi and Kanpur on the consumers of Ahmedabad. If not, TPL should submit the following details regarding (i) no. of consumers in the above mentioned franchisee areas, (ii) list of equipment changed in the above mentioned franchises, (iii) the price of equipment changed and the source from where the money for these equipment have been collected and at what interest rate, (iv) total equity in these franchises, (v) details of loss in these franchises, no. of consumers, no. of employees and total revenue, and (vi) equity of franchise when it was bought and its equity today.

TPL's response: - TPL strongly refutes the allegations and clarifies that separate accounts are being maintained for regulated business and the same has been furnished by it.

Commission's view: *The Commission has decided to initiate third party verification of annual accounts of TPL of FY 2010-11 through an independent firm registered with the Institute of Chartered Accountants of India. The verification process will include the validation of capital expenditure and other expenses incurred by TPL.*

3.16 Charging money from consumers in the name of changing the working old meter with new one, change in name, registration charge, service charge

Objection: TPL is extracting money from consumers in the name of changing the working old meter with new one, change in name, registration charge, service charge when the fault is on the side of company, service line deposit, shifting charge by compulsorily making consumers to shift their meter to new location, etc. These all charges should be abolished immediately.

When the connection is disconnected, the security deposit is not returned to the consumer. The security deposit should be returned to the consumers in time along with the interest equivalent to bank deposit interest.

TPL's response: TPL has submitted that it refutes all the allegations related to operational aspects of the company. In case of any grievance related to the services, Objector has the option to approach the Independent CGRF constituted by the Commission.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.17 Mismatch of units sold by TPL as per the details submitted and annual accounts

Objection: There is mismatch of 2494 MUs for FY 2010-11 and 2401 MUs for FY 2009-10 in units sold by TPL as per the details submitted by it comparing with the audited annual accounts. This should be explained.

TPL's response: Annual report is prepared for the Company as a whole under the provisions of Companies Act, 1956 and is not part of the present proceedings. TPL has submitted the details of energy sold for its Ahmedabad and Surat supply areas in its petition. Commission is requested to consider the same while passing the order.

Commission's view: *The Commission has directed TPL to reconcile the units sold as claimed in the petition and as appeared in the annual report.*

3.18 Development of new units instead of modernizing old units

Objection: About Rs. 1300 Crore is spent on modernization. It is possible to develop new units at lower rate. Shareholders are given 14% interest on 30% equity. In this scenario the tariff hike is irrelevant.

TPL's response: TPL incurs capex considering various aspects such as load growth, new connections, safety, reliability, modernization, etc. Demand has increased two fold during the last 10 years, despite that it has reduced distribution loss to the present level. TPL has benefited the consumers at large. Contention of the objector is incorrect.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.19 Power Trading

Objection: Power trading should be done through open bidding to make the working of the company more transparent.

TPL's response: This issue is not part of the present proceedings. The Act provides for different modes of power procurement.

Commission's view: *The Commission agrees with the suggestion given by the objector. The Commission is in the process of finalising the 'power procurement guidelines' for distribution licensee. The petitioner is required to follow the same.*

3.20 Maintenance of separate audited accounts for each business

Objection: TPL is required to maintain and submit separate accounts for each of its business, which does not, subsidize any other business undertaking in any way.

TPL's response: TPL submits that it has furnished the segregated accounting statements duly certified by the Statutory Auditors of the Company.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.21 TPL has been earning more return than that permissible under the provisions of Electricity Act, 2003

Objection: TPL is earning more return than that permissible under the provisions of Electricity Act, 2003.

TPL's response: Profit shown in the Statement of Accounts of the Company cannot be related to the present petition since the existing petition and the Annual reports are different under different statutes. Annual accounts of the company pertain to the Petitioner's entire business including regulated business.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.22 Reckless Investment made by TPL

Objection: TPL is making investment recklessly. Capital expenditure should be verified with suppliers invoice, payment details etc.

TPL's response: TPL has furnished the necessary details of the capital expenditure in its petition and the same has been considered by the Commission in its Order.

Commission's view: *TPL was directed to submit cost benefit analysis for various capex schemes. In the present petition, TPL has submitted the details of expenses, status of schemes and cost benefit analysis. The Commission has analysed the details furnished by the TPL during the truing up exercise for FY 2010-11.*

3.23 Gains of excess returns have not been passed on to the consumers

Objection: TPL has been operating very efficiently and even then the gains or excess returns required to be passed through the tariff to the consumers has not been done.

TPL's response: The sharing of gains and losses is being proposed in the present petition in accordance with the provisions of Chapter 11 of GERC (MYT Framework) Regulations, 2007. The contention of retaining excess returns by TPL is incorrect.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.24 Non-compliance of the directives

Objection: TPL should be penalized for non-compliance of the directives.

TPL's response: TPL has complied with all the directives except the study of category-wise cost of supply. It will submit the category-wise cost of supply.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.25 Distribution Losses

Objection: TPL has not been able to bring down the Distribution losses after huge investments and it has not benefited the consumers.

TPL's response: TPL has submitted that it incurs capex considering various aspects such as load growth, new connections, safety, reliability, modernization, etc. Demand has increased two fold in the last 10 years and despite that, it has reduced the distribution loss to the present level, which is one of the lowest in the Country.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.26 Per unit cost of power purchased from SUGEN power plant

Objection: Sugen tariff determined by CERC vide order no. 109 is Rs. 2.23/kwh whereas the per unit cost for Ahmedabad distribution from Sugen is Rs. 3.64/kwh. The Commission is requested to find out the correct price for Sugen power for Ahmedabad.

TPL's response: Tariff of SUGEN being inter-state generating station, has been decided by the CERC. Regarding rate of Rs. 2.23/kWh as mentioned in CERC order no. 109/2009, it is only base energy charge mentioned in the Order. In addition to energy charge, TPL is also required to bear the Capacity charge and Transmission charges.

Commission's view: *The Commission has noted the objection and petitioner's response.*

3.27 Renewable power purchase obligation

Objection: TPL has not fulfilled RPPO for the FY 2010-11

TPL's response: TPL submits that this is because of supply constraints. TPL believes that because of the same problem even GUVNL Discoms have not been able to fulfil their RPPO for FY 2010-11.

Commission's view: *The Commission has noted the objection and petitioner's response. The petitioner is required to comply with the RPPO Regulations.*

4. Truing up of FY 2010-11

4.0 Introduction

This chapter of the order deals with the truing up of FY 2010-11 for TPL-D, Ahmedabad.

The Commission has studied and analyzed each component of the ARR for the FY 2010-11 in the following paragraphs.

4.1 Energy Sales to the Consumers

Petitioner's submission:

The TPL has submitted the category-wise actual energy sales for Ahmedabad area for the FY 2010-11 along with the sales approved by the Commission in MYT order dated 17th January, 2009 and APR order dated 6th September, 2011 as given in the table below:

Table 4.1: Energy sales for FY 2010-11 for Ahmedabad area

(MU)

Sl. No.	Category	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
1	Residential	1676	1731.20	1708.50
2	Commercial	941	923.32	914.56
3	LTP	300	287.76	305.31
4	LTMD	976	885.78	897.93
5	HT	1599	1358.90	1441.16
6	HT Pumping	101	103.65	98.42
7	Others	138	69.88	69.11
8	DoE units	-	4.33	8.99
9	**Total**	**5731**	**5364.82**	**5443.98**

The actual sales come to 5443.98 MU in the Ahmedabad area for FY 2010-11 against 5731 MU as per MYT order and 5364.82 MU as per APR order.

Commission's Analysis

The Commission, in the tariff order dated 6th September, 2011, had considered revised estimate of sales of 5364.82 MU for Ahmedabad area for FY 2010-11 based on actuals for six (6) months and estimates for the remaining six (6) months. The actual energy sales in Ahmedabad area is 79.16 MU higher than the revised estimated sales considered by the Commission in the APR. The sales, however, are lower by 287.13 MU compared to the sales approved in MYT order FY 2009.

The Commission approves the energy sales for Ahmedabad and Gandhinagar area totalling to 5443.98 MU for truing up for FY 2010-11.

4.2 Distribution Loss

Petitioner's submission

The TPL has submitted the distribution loss of 8.18% for the Ahmedabad area for FY 2010-11. The distribution loss approved in the MYT order for FY 2010-11 and APR order for FY 2010-11 and the actuals for FY 2010-11 are given below:

Table 4.2: Distribution loss for 2010-11

(%)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Audited Actual
Distribution loss	10.00	8.50	8.18

It is submitted by TPL that it had made considerable efforts to reduce the distribution loss.

4.3 Energy Requirement

Petitioner's submission

Based on the actual energy sales and the transmission and distribution losses, the actual energy requirement for Ahmedabad area as submitted by TPL for FY 2010-11 are given below:

Table 4.3: Energy Requirement for FY 2010-11 for Ahmedabad area

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 2010-11
Sales(MU)	5731	5364.82	5443.98
Distribution Losses (%)	10.00%	8.50%	8.18%
Distribution Losses (MU)	637	498.37	484.76
Energy Required at Periphery(MU)	6368	5863.19	5928.74
Transmission loss(MU)	47	108.20	117.09
Energy Requirement(MU)	6415	5971.39	6045.83

Commission's Analysis

The energy requirement submitted by the Petitioner for FY 2010-11 along with energy requirement as per MYT order has been examined by the Commission. The actual transmission losses are higher by 70.09 MUs than that approved transmission losses in the MYT Order. The Commission has computed the transmission losses of TPL on account of purchase of power from TPL(G)-Sugen and GUVNL and it is in line with the transmission losses computed by SLDC for the FY 2010-11.

The Commission, accordingly approves the energy requirement at 6045.83 MU for truing up for FY 2010-11 as summarised in Table 4.4.

4.4 Energy Availability

Petitioner's submission

It is submitted by the petitioner that TPL sourced power from its own plant at TPL-G (SUGEN), TPL – G (APP) plant besides Wind Energy under RPO obligation and other sources such as GUVNL. However, the primary requirement is met from TPL SUGEN power plant and TPL APP as the renewable power is a post scheduled power. The TPL has submitted that power from short term sources was purchased during FY 10-11 to meet the peak demand in the licensee area for reliable supply of power. The source-wise power procured for Ahmedabad supply area is as given in the table below:

Table 4.4: Energy Availability (Net) for FY 2010-11 for Ahmedabad area

(MU)

Sl. No.	Energy Sources	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
1	TPL-G (APP)	3751	3314.12	3327.43
2	TPL-G (SUGEN)	2206	2481.57	2728.51
3	GUVNL/Others	-	170.42	133.90
4	RPO (wind energy)*	458	70.12	54.25
5	UI	-	(64.85)	(198.26)
6	**Total**	**6415**	**5971.38**	**6045.83**

*Includes adjustment on account of wheeling

Commission's Analysis

It is observed from the table above that TPL has procured power from TPL - G (SUGEN) power plant, TPL – G (APP), GUVNL and RPO-Wind Energy. SUGEN and Wind energy (RPO) are approved sources of power by the Commission in the MYT order. The TPL had purchased 13390 MU of power from GUVNL and other short-term sources like bilateral purchase and power exchange to meet the shortfall in power supply mainly during peak hour requirements. Commission observed that TPL has sold 198.26 MU of energy under UI (unscheduled inter-change) on account of deviation from the scheduled purchase and energy procured.

The Commission approves the source-wise power procured as given below:

Table 4.5: Approved source-wise power purchase in truing up for FY 2010-11

(MU)

Sl. No.	Energy Sources	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Approved in Truing Up FY 2010-11
1	TPL-G (APP)	3751	3314.12	3327.43
2	TPL-G (SUGEN)	2206	2481.57	2728.51
3	GUVNL/Others	-	170.42	133.90
4	RPO (wind energy)*	458	70.12	54.25
5	**Total**	**6415**	**6036.23**	**6244.09**

*Includes adjustment on account of wheeling

4.5 Power Purchase

The TPL has submitted the actual power purchase cost for the FY 2010-11 along with power purchase approved in MYT order and considered in APR for FY 2010-11 as given in table below:

Table 4.6: Power Purchase cost projected by TPL for Ahmedabad area for FY 2010-11

(Rs. Crore)

Sl. No.	Energy Sources	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 2010-11
1	TPL-G (APP)	946.41	1029.78	1163.75
2	TPL-G (SUGEN)	646.36	828.08	994.88
3	GUVNL/Others	-	65.14	61.38
4	RPO (wind energy)	160.76	22.84	17.13
5	**Total**	**1753.53**	**1945.84**	**2237.14**

It is submitted by the Petitioner that the variation in the power purchase cost from the approved levels of APR order is due to the following factors:

- Variation in actual sales with respect to the approved sales in the APR order
- Variation in actual cost with respect to the base rate considered by the Commission
- Additional power procured through short-term sources in order to meet the short- fall during the year.

It is further submitted that power was sourced from TPL-G (APP), TPL-G SUGEN, RPO, GUVNL and short-term sources. Variable charges from SUGEN have increased on account of increase in fuel costs.

It is also further submitted that the variation in power purchase cost is an uncontrollable factor except on account of variation in distribution losses.

Commission's Analysis

The Commission had approved the quantum of purchase at 6415.00 MU for FY 2010-11 in MYT order and considered 6036.23 MU in APR order. TPL has purchased 6244.09 MU for FY 2010-11.

The Commission approved power purchase cost at Rs. 1753.53 Crore in MYT order and Rs.1945.84 Crore in APR order. However, the actual power purchase as submitted by TPL is Rs.2237.14 Crore and the power purchase as per segregated and annual audited accounts for FY 10-11 is Rs.2224.71 Crore.

Commission has found that there is a difference in the power purchase cost shown in the audited accounts as against claimed by the TPL in its petition. Commission directed the petitioner to reconcile the power purchase cost in its e-mail dated 31.01.2012. TPL in its reply vide letter dated February 17, 2012 clarified that the difference was because of transfer pricing considered by the petitioner for the TPL-G (APP) in the Audited Accounts and the petition. However, the Commission approves the power purchase cost for FY 2010-11 as explained below.

Commission has computed the revised ARR of TPL-G(APP) for the FY 2010-11 and the revised ARR for FY 2010-11 has been considered in the truing up of power purchase cost of TPL- Distribution, Ahmedabad. The Commission has computed the revised ARR of TPL-G(APP) at Rs. 1143.42 Crore for FY 2010-11 including the gains and losses due to controllable and uncontrollable factors. The computed ARR of Rs. 1143.42 Crore of TPL-G(APP) has been factored while calculating the power purchase cost of TPL-D Ahmedabad.

The TPL has submitted power purchase cost of Rs. 994.88 Crore for procurement of 2728.51 MU power from Sugen. Subsequently TPL also submitted detailed computation of total power purchase cost of Sugen as given below.

Table 4.7: Power Purchase cost claimed by TPL from TPL (G)-Sugen for FY 2010-11

Particulars	Energy (MU)	Amount (Rs. Cr)	Rate (Rs./U)
Contracted capacity	2652	887.2	3.35
Short - term purchase	277.41	142.08	5.12
Credit from sale of surplus power	(200.90)	(102.24)	5.09
Transmission charge		67.84	
Net drawl	2728.51	994.88	3.65

The Commission noticed that the TPL claimed power purchase cost of Rs. 142.08 Crore for the procurement of short-term power of 277.41 MU at the tariff rate of Rs. 5.12 per unit. The Commission had directed TPL to consider the short term power procurement from Sugen plant at the benchmark rate of CERC market monitoring report and accordingly TPL adjusted Rs. 32.57 Crore by adding to the revenue figure.

TPL has also purchased 133.90 MU from GUVNL/others at Rs. 4.58/kWh. The petitioner has stated that it had to resort to short-term purchase to meet the shortfall in order to provide continuous supply to its consumers during the year. The Short-term power was purchased by TPL at Rs.4.58 /kWh which was the prevailing market rate at that time.

While approving the power purchase cost for FY 2010-11, Commission has considered the details furnished by the petitioner in its segregated and annual audited accounts, details furnished in the true-up petition and the revised ARR of TPL-G(APP) computed by the Commission.

The Commission, accordingly approves the total power purchase cost at Rs. 2216.81 Crore during FY 2010-11 for truing up as given below:

Table 4.8: Power Purchase cost approved for Ahmedabad area for FY 2010-11

(Rs. Crore)

Sl. No.	Energy Sources	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Approved in Truing Up FY 2010-11
1	TPL-G (APP)	946.41	1029.78	1143.42
2	TPL-G (SUGEN)	646.36	828.08	994.88
3	GUVNL/Others	-	65.14	61.38
4	RPO (wind energy)	160.76	22.84	17.13
5	**Total**	**1753.53**	**1945.84**	**2216.81**

The Commission also directs TPL to meet its Renewable power purchase obligation.

4.6 Gain due to reduction in energy requirement due to reduction in distribution loss

TPL has computed the distribution loss gains for Ahmedabad area at Rs. 44.16 Crore as given in the petition on account of reduction in distribution losses. The Commission has approved distribution loss at 10% in the MYT whereas the TPL has claimed the actual distribution losses at 8.18% for FY 2010-11.

Subsequently, TPL submitted that it received 57.31 MU at its periphery for wheeling. Out of this set off of 49.55 MU was given to consumers in their electricity bill and 0.29 MU was accounted for recovery as wheeling losses in kind. Further, surplus quantum of 3.38 MU was purchased by TPL. TPL further clarified that balance 4.09 MU is related to banking on behalf of consumers. In view of this TPL in its computation has considered 49.55 MU on sales side and 49.84 MU (inclusive of losses accounted as 'wheeling losses in kind') on the energy requirement.

Commission Analysis

The Commission has computed the distribution loss considering wheeling of energy at input as well as at output level of distribution network. Computation for sharing of gain on account of reduction in energy requirement would be as shown in Table below:

Table 4.9: Computation for reduction in energy requirement of TPL-D (Ahmedabad) due to reduction in distribution loss

(MU)

Particulars		Gains calculation
Energy sales	a	5443.98
Setoff wheeled energy	b	49.55
Total energy output	c=(a+b)	5493.53
MYT approved distribution loss	d	10.00%
Energy requirement at distribution level as per MYT approved loss	e=(c/1-d)	6103.92
Normative energy requirement at distribution level at MYT approved loss	f	6049.99
Actual energy purchased at distribution level	g	5928.74
Reduction in energy requirement	h=f-g	121.25

The total units received at TPL periphery for wheeling was 57.31 MUs, out of which 3.38 MUs was purchased by TPL under the renewable power purchase obligation. Hence balance 53.93 MU received by TPL for wheeling is considered in the above computation. The Commission in its computation has considered 49.55 MU on sale side and 53.93 MU (inclusive of banking and losses in kind) on requirement side, as TPL has received 53.93 MU (including 4.09 MU related to banking) at its periphery for wheeling.

The power purchase cost approved by the Commission for FY 2010-11 as shown in Table no. 4.8 for purchase of 6244.09 MU is Rs. 2216.81 Crore.

Computation for sharing of gain on account of reduction in energy requirement due to improvement in distribution loss for TPL-D (Ahmedabad) is as given in table below:

Table 4.10: Computation for sharing of gain due to reduction in energy requirement of TPL-D (Ahmedabad)

Particulars		Amount
Reduction in energy requirement (MU)	a	121.25
Average power purchase cost (Rs./kWh)	b	3.55
Gain due to improvement in distribution loss (Rs. Crore)	c=a x b	43.05

The total power purchase cost and gain/(loss) considered in the truing up for FY 2010-11 are summarized in the table below:

Table 4.11: Power purchase cost and gain/(loss) approved in Truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Power purchase cost	1753.53	2216.81	(463.28)	43.05	(506.33)

4.7 Fixed Charges

4.7.1 Operations and Maintenance (O&M) expenses

The TPL has claimed a sum of Rs. 206.85 Crore towards actual O&M expenses in the truing up for FY 2010-11 as against Rs. 188.29 Crore approved in the MYT order dated 17th January, 2009 and also in the APR order for FY 2010-11 as detailed in the table below:

Table 4.12: O&M expenses claimed by TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
Employee Cost	70.37	70.37	89.70
R&M Cost	82.25	82.25	74.74
A&G Cost	35.67	35.67	42.40
Total O&M	**188.29**	**188.29**	**206.84**

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

(i) Employee expenses

The TPL has claimed a sum of Rs. 89.70 Crore towards actual employee cost in the truing up for FY 2010-11 as against Rs. 70.37 Crore approved in the MYT order as well as in the APR order for FY 2010-11.

Petitioner's submission

The TPL has submitted that the employee expenses of Ahmedabad area has exceeded the approved cost due to the impact of Rs. 19.33 Crore on account of provision of wage revision settlement arrived at under Section 12(3) of the Industrial Dispute Act, 1947. The revision was applicable with effect from 1st January 2010 and the impact of the revision was considered as uncontrollable factors in accordance with GERC (MYT Framework) Regulations, 2007 read with the judgment of the Hon'ble Appellate Tribunal for Electricity in Appeal No. 68 of 2009.

Commission's Analysis

TPL has claimed an employee cost of Rs. 89.70 Crore net of capitalisation for the FY 2010-11.The Commission has verified the employee cost with the segregated annual accounts and found that the gross employee cost is Rs. 143.06 Crore. Subsequently, TPL has reported Rs. 53.48 Crore pertaining to capitalisation of employee cost is deducted from the gross employee cost and Rs. 0.12 Crore on account of commission paid to non-executive director is added to the gross employee cost to achieve employee cost of Rs. 89.70 Crore.

While truing up of employee cost for FY 2010-11, the Commission has considered the capitalisation of Rs. 53.48 Crore whereas the commission of Rs. 0.12 Crore paid by TPL to non-executive director has been considered under the A&G expenses.

The Commission has approved the net employee cost of Rs. 89.58 Crore as against Rs. 70.37 Crore considered by the Commission in the MYT order. The deviation of Rs. 19.21 Crore in employee cost is on account of wage revision and is considered as uncontrollable.

The Commission, accordingly, approves the employee expenses at Rs. 89.58 Crore in the truing up for FY 2010-11.

(ii) Repairs and Maintenance (R&M) expenses

TPL has claimed a sum of Rs. 74.74 Crore towards R&M expenses in the truing up for FY 2010-11 as against Rs. 82.25 Crore approved in the MYT Order as well as in the APR Order for FY 2010-11.

Petitioner's submission

TPL has submitted that the variance in R&M expenses compared to the MYT approved cost is mainly due to controllable factors and that the variation is to be dealt with in accordance with the MYT Framework Regulations for sharing of gains / losses.

Commission's Analysis

The Commission has verified the actual R&M expenses with the segregated and audited annual accounts for FY 2010-11 and found them to be correct. The deviation worked out at Rs.7.51 Crore is considered a gain and also claimed as a controllable factor.

The Commission, accordingly approves the R&M expenses at Rs. 74.74 Crore in the truing up for FY 2010-11.

(iii) Administration and General (A&G) expenses

The TPL has claimed a sum of Rs. 42.40 Crore towards the actual A&G expenses in the truing up for FY 2010-11 as against Rs. 35.67 Crore approved in the MYT Order as well as in the APR order for FY 2010-11.

Petitioner's submission

The TPL has submitted that the variation in A&G expenses is due to controllable factors. The deviation of Rs. 6.73 Crore needs to be shared in accordance with the regulations.

Commission's Analysis

The actual A&G expenses are verified with reference to the segregated and audited accounts for FY 2010-11. The actual A&G expenses are Rs. 41.39 Crore including the commission paid by TPL to non-executive director.

The Commission, accordingly, approves the A&G expenses at Rs. 41.39 Crore in the truing up for FY 2010-11.

The deviation of Rs.5.72 Crore is said to be a net loss. The Commission considers Rs. 5.72 Crore loss towards the controllable factor.

The total O&M expenses and gain / loss considered in the truing up for FY 2010-11 are summarized in the table below:

Table 4.13: O&M expenses and gain / loss approved in truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Employee Cost	70.37	89.58	(19.21)		(19.21)
R&M Cost	82.25	74.74	7.51	7.51	
A&G Cost	35.67	41.39	(5.72)	(5.72)	
Total O&M	**188.29**	**205.71**	(17.42)	1.79	(19.21)

4.7.2 Capital expenditure, Capitalization and Sources of Funding

The TPL has furnished the actual capital expenditure at Rs. 217.55 Crore in the truing up for FY 2010-11 as against Rs. 365.81 Crore approved in the MYT order and Rs. 256.51 Crore considered in the APR order for FY 2010-11 as detailed in the table below:

Table 4.14: Capital expenditure claimed by TPL-D, Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
EHV	175.5	74.96	95.43
HT Network	91.69	64.5	62.23
LT Network	51.38	33.74	40.1
Metering	24.9	20.03	16.06
Special Projects	0.68	12.9	0.95
Customer Care & IT Initiatives	2.73	19.52	2.01
Admin & Others including civil work	18.93	30.86	0.76
Total	**365.81**	**256.51**	**217.54**

Petitioner's submission

Capital Expenditure and Capitalisation

Capital Expenditure

TPL has submitted that the capital expenditure incurred in Ahmedabad Supply Area was lower than the approved value at actual expenditure of Rs. 217.54 Crore as against Rs. 256.51 Crore approved in the APR order for FY 2010-11. The TPL has indicated the major variances in the actual expenditure against the approval as detailed below:

EHV Network: The Commission in its order in Case No. 1092/2011 has approved capital expenditure pertaining to EHV Network of Rs. 74.96 Crore. The actual expenditure is higher due to load growth related expenditure and spillover of expenditure from earlier years.

Special Projects: The Commission in its order in Case No. 1092/2011 has approved capital expenditure pertaining to Special Projects of Rs. 12.90 Crore. The actual expenditure is lower due to the deferment of the GIS projects.

Customer Care & IT Initiatives: The Commission in its order in Case No. 1091/2011 has approved capital expenditure under the above head for Rs. 19.52 Crore. However, the actual capital expenditure is lower due to the allocation of capital expenditure on SAP/IT to Generation – APP and Surat license area.

Capitalization

The TPL has claimed a sum of Rs. 264.49 Crore towards capitalization against the actual capital expenditure of Rs. 217.54 Crore. Through a letter dated February 17, 2012 TPL has stated that out of the total capitalization of Rs. 264.49 Crore Rs. 89.28 Crore is pertaining to the spillover of previous year and the balance of Rs. 175.21 Crore is pertaining to FY 2010-11.

Commission's Analysis

Capital Expenditure and Capitalisation

The net addition of assets during FY 2010-11 is Rs. 258.54 Crore as verified from the segregated audited accounts of TPL-Ahmedabad for the FY 2010-11.

The Commission observed that the petitioner has capitalized a lower amount as against considered by the Commission in the APR order for FY 2010-11. The Commission also noticed that the actual capitalization claimed by the TPL in previous years was also lesser than that approved by the Commission in the original Tariff orders as can be seen in the table given below:

Table 4.15: Capitalisation claimed by TPL-D, Ahmedabad in previous years

(Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing up
FY 2008-09	505.00	262.00
FY 2009-10	401.00	213.00
FY 2010-11	361.44	258.54

The Commission would like to highlight that the unrealistic capital expenditure projections made by the TPL in the past has impacted the overall ARR of the TPL. The Commission directs the petitioner to prepare an optimum capital expenditure plan along with proper timelines for the ensuing years to ensure that ARR is not inflated.

Considering the submissions made by the TPL for FY 2010-11, the Commission, approves the capitalisation at Rs. 258.54 Crore in the truing up for FY 2010-11.

Table 4.16: Approved capitalization and sources of funding for FY 2010-11

(Rs. Crore)

Particulars	Actual claimed for FY 10-11	Approved in Truing Up FY 2010-11
Capital expenditure	217.54	217.54
Capitalization during the year	264.49	258.54
Less: SLC	54.93	54.93

Particulars	Actual claimed for FY 10-11	Approved in Truing Up FY 2010-11
Balance capitalization	209.56	203.61
Normative Debt @ 70%	146.69	142.53
Normative equity @ 30%	61.08	61.08

4.7.3 Interest expenses

The TPL has claimed a sum of Rs. 60.84 Crore towards actual interest expenses in the truing up for FY 2010-11 as detailed in the table below against Rs. 130.60 Crore approved in the MYT Order and Rs. 55.14 Crore considered in the APR order for FY 2010-11.

Table 4.17: Interest claimed in the truing up for FY 2010-11

(Rs. Crore)

Particulars	Amount
Existing loans	
APDRP	
Opening Balance	34.25
Repayments	1.74
Closing Balance	32.51
Interest Rate	9.00%
Interest Expense	3.02
HDFC 2A	
Opening Balance	32.69
Repayments	7.69
Closing Balance	25
Interest Rate	10.25%
Interest Expense	2.97
HDFC 3A	
Opening Balance	83.33
Repayments	16.67
Closing Balance	66.67

Particulars	Amount
Existing loans	
Interest Rate	11.00%
Interest Expense	7.5
SBI	
Opening Balance	158.11
Repayments	34.91
Closing Balance	123.2
Interest Rate	11.50%
Interest Expense	15.37
LIC	
Opening Balance	45.63
Repayments	5.21
Closing Balance	40.41
Interest Rate	11.00%
Interest Expense	4.76
Total interest expense on the above loans	**33.62**
Loans drawn in FY 2010-11	
Capitalization during the year	264.49
Less: SLC additions	54.93
Normative Debt @ 70%	146.69
Opening balance	107.36
New borrowings	146.69
Repayments	24.44
Closing balance	229.61
Interest Expense	27.22
Total interest on loans	**60.84**

Petitioner’s submission

The TPL has submitted that the Commission in its order in case No. 1092/2011 had revised the interest expenses based on TPL’s proposal to consider the actual loans at the starting of the year and additional loan due to estimated capital expenditure during FY 2010-11. The TPL further submitted that the actual loan schedule for FY 2010-11 and the corresponding interest expenses are an uncontrollable item, since they are dependent on the actual capital expenditure.

Commission's Analysis

The existing loans outstanding as on 01/04/2010 and the details of repayment and interest charges on these loans are given in Form D-3 (TPL-D Ahmedabad Licensee Area) are verified and found to be correct.

The additional loan is of Rs. 142.53 Crore, in accordance with the requirements of capitalization of CAPEX and funding the CAPEX as approved in Table 4.16 above. TPL has calculated the interest on the normative loan of Rs. 146.69 Crore at Rs. 27.22 Crore. Further, it is noted from the Form D-3 (TPL-D Ahmedabad Licensee Area) in the petition that TPL had borrowed new loans of Rs. 57 Crore from Bank of Baroda and of Rs. 34 Crore from IDFC. TPL paid an interest of Rs. 6.31 Crore on the Bank of Baroda loan and paid an interest of RS. 3.32 Crore on the IDFC loan.

Interest is allowed on a normative basis. The commission has recomputed the interest on loan for FY 2010-11 which works out to Rs. 53.61 Crore as detailed in the table below:

Table 4.18: Interest approved by the Commission in the truing up for FY 2010-11

(Rs. Crore)

Particulars	Amount
Existing loans	
APDRP	
Opening Balance	34.25
Repayments	1.74
Closing Balance	32.51
Interest Rate	9.00%
Interest Expense	3.02
HDFC 2A	
Opening Balance	32.69

Particulars	Amount
Existing loans	
Repayments	7.69
Closing Balance	25
Interest Rate	10.25%
Interest Expense	2.97
HDFC 3A	
Opening Balance	83.33
Repayments	16.67
Closing Balance	66.67
Interest Rate	11.00%
Interest Expense	7.5
SBI	
Opening Balance	158.11
Repayments	34.91
Closing Balance	123.2
Interest Rate	11.50%
Interest Expense	15.37
LIC	
Opening Balance	45.63
Repayments	5.21
Closing Balance	40.41
Interest Rate	11.00%
Interest Expense	4.76
BOB	
Opening Balance	107.36
Repayments	11.00
Closing Balance	96.36
Interest Rate	10.75%
Interest Expense	10.95

Particulars	Amount
Existing loans	
Total interest expense on the above loans	44.57
Loans drawn in FY 2010-11	
Capitalization during the year	258.54
Less: SLC additions	54.93
Normative Debt @ 70%	142.53
New borrowings	142.53
Repayments	14.25
Closing balance	128.28
Interest Expense	7.25
Total interest on loans	**51.82**

The Commission, accordingly, approves the interest and finance charges at Rs. 51.82 Crore in the truing up for FY 2010-11.

The deviation of Rs.78.78 Crore is considered as a gain.

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

Table 4.19: Gains / losses approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Interest on Loans	130.60	51.82	78.78	-	78.78

4.7.4 Interest on security deposit

The TPL has claimed a sum of Rs. 11.86 Crore towards interest on security deposit in the truing up for FY 2010-11 against Rs. 11.01 Crore approved in the MYT Order and Rs. 11.78 Crore considered in the APR order for FY 2010-11 as detailed in the table below:

Table 4.20: Interest on security deposit claimed for TPL-D, Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
Interest Rate	6%	6%	6%
Interest on Security Deposit	11.01	11.78	11.86

Petitioner's submission

The TPL has submitted that the actual interest expense on the security deposit is higher than that of the approved values in the APR order as actual security deposit during FY 2010-11 is higher than the estimates.

Commission's Analysis

The Commission verified the actual interest on security deposit with the segregated and audited accounts and found that the actual interest is Rs. 11.86 Crore.

The Commission, accordingly, approves the interest on security deposit at Rs. 11.86 Crore in the truing up for FY 2010-11.

The deviation of Rs.0.85 Crore is considered to be a loss on account of uncontrollable factor as detailed in the table below:

Table 4.21: Approved gain / loss due to interest paid on security deposit in the truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Interest on Security Deposit	11.01	11.86	(0.85)	-	(0.85)

4.7.5 Interest on working capital

The TPL has claimed a sum of Rs. 49.63 Crore towards interest on working capital as against Rs. 26.35 Crore approved in the MYT Order and Rs. 44.86 Crore approved in the APR order for FY 2010-11 as detailed in the table below:

Table 4.22: Interest on working capital claimed by for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
O&M expense for 1 month	15.69	15.69	17.24
1 % of GFA for maintenance spares	31.03	23.13	23.13
Receivables for 2 months	228.80	398.82	443.85
Normative Working Capital	275.52	437.64	484.21
Interest Rate	10.25%	10.25%	10.25%
Interest on Working Capital	**26.35**	**44.86**	**49.63**

Petitioner's submission

The TPL has submitted that the interest on working capital is computed @ 10.25% in accordance with the GERC (Terms and Conditions of Tariff) Regulations, 2005.

Commission's Analysis

The Commission has examined the computation of normative working capital and interest thereon under GERC (Terms and Conditions for Determination of Tariff) Regulations, 2005. Based on the expenses approved in the truing up, the working capital is recomputed as detailed in the table below:

Table 4.23: Interest on working capital approved for FY 2010-11

(Rs. Crore)

Particulars	Actual claimed for FY 10-11	Approved in Truing Up FY 2010-11
O&M expense for 1 month	17.24	17.14
1 % of GFA for maintenance spares	23.13	23.13
Receivables for 2 months	443.85	438.42
Normative Working Capital	484.21	478.69
Interest Rate	10.25%	10.25%
Interest on Working Capital	49.63	49.07

The Commission, accordingly, approves the interest on working capital at Rs. 49.07 Crore in the truing up for FY 2010-11 as detailed in the above table.

The deviation is Rs. 22.72 Crore and assessed as a loss. The Commission considers the interest on working capital as uncontrollable as the components contributing for working capital are mostly uncontrollable.

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

Table 4.24: Interest on working capital approved for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Interest on Working Capital	26.35	49.07	(22.72)	-	(22.72)

4.7.6 Depreciation

The TPL has claimed a sum of Rs. 84.28 Crore towards depreciation in the truing up for FY 2010-11 against Rs. 95.57 Crore approved in the MYT Order and Rs. 86.82 Crore considered in the APR order for FY 2010-11 as detailed in the table below:

Table 4.25: Depreciation claimed by TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
Depreciation	95.57	86.82	84.28

Petitioner's submission

The TPL has submitted that the depreciation rates as per CERC (Terms and Conditions of Tariff) Regulations, 2004 are applied on the opening GFA of FY 2010-11 and for addition of assets from 1st April, 2009 onwards the depreciation has been computed at rates specified in the Appendix III to the CERC (Terms and Conditions of Tariff) Regulations, 2009. TPL has claimed depreciation as an uncontrollable item.

Commission's Analysis

The Petitioner has computed the depreciation for FY 2010-11 by applying CERC depreciation rates and assets classification-wise. The details of opening balance of assets as on 1st April, 2010, addition and deduction to the Gross Block during FY 2010-11 and the depreciation on the assets, asset classification- wise, are given in the petition. The Commission has considered the opening and closing balance from the segregated and audited accounts for FY 2010-11.

The Commission, accordingly, approves the depreciation at Rs. 84.28 Crore in the truing up for FY 2010-11.

The deviation is Rs. 11.29 Crore and assessed as a gain. The Commission has considered the capital expenditure as an uncontrollable item. Since depreciation is dependent on CAPEX and capitalization, the deviation is considered as an uncontrollable item.

The Commission, accordingly, approves the gain/loss on account of depreciation in the truing up for FY 2010-11 as detailed in the table below:

Table 4.26: Depreciation and gain / loss due to depreciation approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Depreciation	95.57	84.28	11.29	-	11.29

4.7.7 Return on equity

The TPL has claimed a sum of Rs. 129.89 Crore towards return on equity @ 14% in the truing up for FY 2010-11 as against Rs. 146.19 Crore approved in the MYT Order and Rs. 131.81 Crore approved in the APR order for FY 2010-11 as detailed in the table below :

Table 4.27: Return on equity claimed for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
Opening equity	1003.69	897.24	897.24
Equity addition during the year	89.39	88.51	61.08
Closing equity during the year	1093.08	985.75	958.32
Return on equity	**146.19**	**131.81**	**129.89**

Petitioner's submission

The TPL has submitted that the closing balance of equity has been arrived at considering additional equity of 30% of the capitalization during the year. The return on equity has been thus computed applying a rate of 14% on the average of the opening and closing balance of equity for FY 2010-11.

Commission's Analysis

The opening equity for FY 2010-11 is as per the closing equity for FY 2009-10 approved in the True Up for FY 2009-10. TPL has followed the same methodology while computing the Return on Equity for FY 2010-11.

The Commission, accordingly approves the return on equity at Rs. 129.89 Crore in the truing up for FY 2010-11 as given in the table below:

Table 4.28: Return on equity approved for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	Actual claimed for FY 10-11	Approved in Truing Up FY 2010-11
Opening equity	897.24	897.24
Equity addition during the year	61.08	61.08
Closing equity during the year	958.32	958.32
Average Equity	927.78	927.78
Return on equity	129.89	129.89

The return on equity depends on the amount of capitalization and the debt equity ratio considered during the Financial Year and these parameters are uncontrollable in nature. The variance in the amount of return on equity is therefore, treated as an uncontrollable item.

The Commission, accordingly, approves the gain / loss on account of return on equity in the truing up for FY 2010-11 as detailed below.

Table 4.29: Return on equity and gain / loss approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Return on equity	146.19	129.89	16.30	-	16.30

4.7.8 Income Tax

The TPL has claimed a sum of Rs. 12.44 Crore towards income tax in the truing up for FY 2010-11 as against Rs. 49.69 Crore approved in the MYT Order and Rs.18.68 Crore approved in the APR order for FY 2010-11 as detailed in the table below:

Table 4.30: Income Tax claimed for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
Income Tax	49.69*	18.68	12.44

*Revised to Rs. 18.68 Crore in Review Order dated 5th September, 2011

Petitioner's submission

The TPL has revised the income tax by applying the MAT rate of 19.93% on the PBT to earn post tax ROE at 14% as per the Regulations. TPL has also submitted to consider the variation in Income Tax as uncontrollable.

Commission's Analysis

The Commission directed the petitioner to furnish the income tax details along with the PBT of the entire TPL in its e-mail dated 31.01.2012. TPL vide its letter dated February 17, 2012 TPL has stated that the tax for FY 2010-11 is Rs.274.54 Crore for the entire TPL which includes income tax at Rs 268.50 Crore and tax deducted at source at Rs. 6.04 Crore. Further, TPL has submitted the PBT of TPL for FY 2010-11 is Rs. 1428.52 Crore as per the published audited accounts.

The Commission verified the PBT figures with the segregated and audited accounts for FY 2010-11 and has found that the petitioner has shown a PBT of Rs. 61.80 Crore. The Commission has computed the income tax for the petitioner based on the proportion of total share of the petitioner in the total PBT of the entire TPL. The income tax apportioned to the Ahmedabad distribution is Rs.11.87 Crore for FY 2010-11.

The Commission, accordingly, approves the income tax at Rs.11.87 Crore in the truing up for FY 2010-11

The Commission has treated the income tax as an uncontrollable expense and accordingly approved the gain / loss on account of income tax in the truing up for FY 2010-11 as detailed in the table below:

Table 4.31: Income tax and gain / loss due to income tax approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Income Tax	18.68*	11.87	6.81	-	6.81

*Revised from Rs. 49.69 Crore to Rs. 18.68 Crore in Review Order dated 5th September, 2011

4.7.9 Bad debt

TPL has not claimed any sum towards provision of bad debts in the truing up for FY 2010-11 against Rs.2.20 Crore approved in the MYT order and Rs. 2.35 Crore considered in the APR for FY 2010-11 as detailed in the table below:

Table 4.32: Bad debts claimed for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
Provision for Bad Debts	2.20	2.35	-

Petitioner's submission

The Petitioner has requested the commission to consider the actual bad debts written off as uncontrollable item of expenditure in accordance with the GERC (Terms and Conditions of Tariff) Regulations, 2005.

Commission's Analysis

The Commission has verified that no bad debts have been written off with reference to the segregated and audited annual accounts for FY 2010-11 as submitted by TPL.

The Commission, accordingly, approves the bad debts written off as nil in the truing up for FY 2010-11.

The Commission assessed the deviation in bad debts at Rs. 2.20 Crore as a gain and considered it as a controllable item.

The Commission, accordingly, approves the gain / loss on account of bad debts in the truing up for FY 2010-11 as detailed below.

Table 4.33: Bad debts and gain / loss approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Provision for Bad Debts	2.20	0.00	2.20	2.20	-

4.7.10 Contingency Reserve

Petitioner's submission

TPL has proposed the contingency reserve at Rs. 0.60 Crore in the truing up for FY 2010-11 which is the same as approved in the MYT order as well as APR order for FY 2010-11 as detailed in the table below:

Table 4.34: Contingency Reserve claimed for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
Contingency Reserve	0.60	0.60	0.60

Commission's Analysis

The proposed contingency reserve is consistent with the approval accorded in the past.

The Commission, accordingly, approves the contingency reserve at Rs. 0.60 Crore in the truing up for FY 2010-11 and also there is no deviation in the contingency reserve.

Table 4.35: Contingency reserve and gain/loss approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Contingency Reserve	0.60	0.60	0.00	-	0.00

4.7.11 Non-Tariff income

The TPL has furnished the non-tariff income at Rs. 56.71 Crore in the truing up for FY 2010-11 against Rs. 84.66 Crore approved in the MYT order and Rs. 50.20 Crore considered in the APR for FY 2010-11 as detailed in the table below:

Table 4.36: Non-Tariff income claimed for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual claimed for FY 10-11
Non-Tariff Income	84.86	50.20	56.71

Petitioner's submission

The Petitioner has submitted that the actual non-tariff income for FY 2010-11 is Rs. 56.71 Crore, which is an uncontrollable item.

Commission's Analysis

The Commission has verified the non-tariff income with the segregated and audited accounts for FY 2010-11 and found it to be correct.

The Commission, accordingly, approves the non-tariff income at Rs. 56.71 Crore in the truing up for FY 2010-11.

The deviation in non-tariff income at Rs. 28.15 Crore is assessed as a loss and is considered as an uncontrollable item.

The Commission, accordingly, approves the gains / losses on account of non-tariff income in the truing up for FY 2010-11 as detailed below.

Table 4.37: Non-tariff income and gains / losses approved in the truing up for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/(-)	Gain/(loss) due to controllable factor	Gain/(loss) due to uncontrollable factor
Non-Tariff Income	84.86	56.71	28.15	-	28.15

4.7.12 Revenue from sale of power

Petitioner's submission

The TPL has furnished the revenue from sale of power at Rs. 2630.50 Crore in the truing up for FY 2010-11 against Rs. 2200.92 Crore approved in the MYT order for FY 2010-11 as detailed in the Table below.

Table 4.38: Revenue with existing tariff claimed for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	As per APR Order for FY 2010-11	Actual for FY 10-11
Revenue from existing tariff	2200.92	2347.37	2630.50

Commission's Analysis

The Commission has found that there is a difference of Rs. 41.82 Crore in the figure of revenue earned from the sale of power for FY 2010-11 between segregated and audited annual accounts (Rs. 2672.32 Crore) and as shown in the true up petition (Rs. 2630.50 Crore). The Commission directed the petitioner to reconcile the revenue from sale of power in its e-mail dated 31.01.2012. TPL in its reply vide letter dated February 17, 2012 clarified that the difference of Rs. 41.82 Crore was due to accounting treatment of prompt payment discount (PDD) as shown in the table below:

Table 4.39: Revenue from sale of power claimed by TPL for FY 2010-11

(Rs. Crore)

Particulars	For the year ended 31st March, 2010
Revenue from power supply as per audited Profit & Loss Account	2672.32
Less: Prompt Payment Discount	41.82
Total	2630.50

The category-wise sales and revenue for FY 2010-11 are as given in the table below:

Table 4.40: Category-wise sales and revenue for FY 2010-11

(Rs. Crore)

Category	MU	Fixed Charges	Energy Charges	Time of Use Charges	Prompt Payment Discount	Total
AHMEDABAD SUPPLY AREA						
Residential	1708.50	8.32	551.86		(14.62)	545.56
Commercial	914.56	14.35	418.13		(6.24)	426.24
LTP – I	72.64	1.92	25.39		(0.41)	26.90
LTP – II	232.67	11.71	83.67		(1.69)	93.69
LTMD – I	122.42	5.86	46.76		(0.46)	52.16
LTMD – II	775.51	40.99	301.73		(6.54)	336.18
HTMD	1441.16	68.23	496.11	35.71	(10.58)	589.47
HT Pumping	98.42	10.02	39.30	1.44	(0.82)	49.94
Agri	7.18	0.01	2.28		(0.03)	2.26
GLP	9.86	0.03	3.75		(0.07)	3.71
Temp	1.22	0.60	0.49			1.09
Streetlight	50.86		16.78		(0.36)	16.42
DOE	9.00		9.00			9.00
FPPPA						404.37
UI						73.53
Total	**5444.00**	**162.04**	**1995.25**	**37.15**	**(41.82)**	**2630.50**

The Commission, accordingly, approves the revenue from sale of power at Rs. 2630.50 Crore in the truing up for FY 2010-11.

4.7.13 Past Period Adjustment

The Commission had asked TPL to furnish the details of the past adjustments of Rs. 9.78 Crore claimed in the petition. TPL vide its letter dated February 17, 2012 has stated that the past adjustment of Rs. 9.78 Crore mentioned is on account of the following:

a. Decrease in revenue on account of reversal of provisions already effected in the truing up of FY 2009-10 (Rs. 42.36 Crore)
b. Increase in revenue to factor the disallowance of SUGEN short-term power purchase cost (Rs. 32.57 Crore)

The net effect of the above adjustments amounts to decrease in revenue by Rs. 9.78 Crore.

The Commission, accordingly, approves the past period adjustment at Rs. 9.78 Crore in the truing up for FY 2010-11 by reducing revenue from Rs. 2630.52 Crore to Rs. 2620.74 Crore.

4.7.14 Gain / Loss under truing up for FY 2009-10

The Commission has reviewed the performance of TPL-D Ahmedabad Supply Area under Regulation 9.3 of MYT Regulations, 2007, with reference to segregated and audited annual accounts for FY 2010-11. The Commission has 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 MYT order dated 17th January, 2009 and the actual claimed in truing up, approved for truing up, gains / losses computed in accordance with the MYT Regulations are as given in the Table below:

Table 4.41: ARR approved in respect of TPL- Ahmedabad in the truing up or FY 2010-11

(Rs. Crore)

Annual Revenue Requirement	MYT Order	Actuals FY 2010-11	Approved in Truing Up FY 2010-11	Deviation +/-	Controllable (Loss)/ Gain	Uncontrollable (Loss)/ Gain
Power Purchase Cost	1753.53	2,237.14	2,216.81	(463.28)	43.05	(506.33)
O&M Expense	**188.29**	**206.84**	**205.71**	(17.42)		
Employee Cost	70.37	89.70	89.58	(19.21)		(19.21)
R&M Cost	82.25	74.74	74.74	7.51	7.51	
A&G Cost	35.67	42.40	41.39	(5.72)	(5.72)	
Depreciation	95.57	84.28	84.28	11.29		11.29
Interest Cost on Long-term Capital Loans	130.60	60.84	51.82	78.78		78.78
Interest on Working Capital Loans	26.35	49.63	49.07	(22.72)		(22.72)
Interest on Security Deposit	11.01	11.86	11.86	(0.85)		(0.85)
Return on Equity	146.19	129.89	129.89	16.30		16.30
Provision for Bad Debt	2.20	-	-	2.20	2.20	
Contingency Reserve	0.60	0.60	0.60	-		
Income Tax	18.68*	12.44	11.87	6.81		6.81
Less:				-		
Non-Tariff Income	84.86	56.71	56.71	28.15		28.15
Annual Revenue Requirement	**2,288.16**	**2,736.81**	**2,705.20**	**(417.04)**	**47.04**	**(464.08)**

*Revised from Rs. 49.69 Crore to Rs. 18.68 Crore in Review Order dated 5th September, 2011

4.7.15 Sharing of Gains / Losses for FY 2010-11

The Commission has analyzed the gains / losses on account of controllable and uncontrollable factors.

The relevant Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations are extracted as 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."

The gain on account of controllable factors is arrived at Rs. 47.04 Crore for FY 2010-11. Out of this one-third gain of Rs.15.68 Crore is to be passed on to the consumers and one-third gain of Rs. 15.68 Crore is to be credited to the special reserve. The entire loss of Rs.464.08 Crore on account of uncontrollable factors shall be passed on to the consumers through an adjustment in the tariff. The revenue gap as compared to the MYT approved in the Tariff order dated 14th December, 2009 is summarized in Table below:

Table 4.42: Revised ARR approved for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Sr. No.	Particulars	FY 2010-11
1	ARR approved in the MYT Order for FY 2010-11	2288.16
2	Less: Gain on account of controllable factor to be passed on to the consumers (1/3rd)	15.68
3	Add: Loss on account of uncontrollable factor to be passed on to the consumers	464.08
4	Revised ARR for FY 2010-11	2,736.56

The following table summarizes the revenue gap for Ahmedabad supply area for FY 2010-11.

Table 4.43: Revenue gap for TPL- Ahmedabad for FY 2010-11

(Rs. Crore)

Particulars	As per MYT Order for FY 2010-11	Actual claimed for FY 10-11	Approved in Truing Up FY 2010-11
Ahmedabad Supply Area			
Net Annual Revenue Requirement	2,319.35	2,766.78	2,736.56
Revenue from sale of power	2200.92	2630.50	2630.50
Adjustments including earlier period	0.00	(9.78)	(9.78)
Gap/ (Surplus)	118.43	146.06	115.84

5. Aggregate Revenue Requirement for FY 2012-13

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus for the FY 2012-13 for TPL-Ahmedabad area. 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)

Sr. No	Particulars	FY 2012-13
1	Power Purchase cost	2545.00
2	O&M expenses	197.18
3	Depreciation	140.85
4	Interest on loan	105.40
5	Interest on security deposit	14.43
6	Interest on working capital	7.13
7	Return on equity	174.27
8	Income Tax	8.52
9	Bad Debts	1.09
10	Contingency Reserve	0.60
11	Prompt payment rebate	29.31
12	Less: Non-tariff income	53.25
13	**Net ARR**	**3170.60**

5.3 Proposed revenue gap for FY 2012-13

Petitioner's submission

The petitioner has submitted that the ARR for FY 2012-13 is Rs. 3141.29 Crore and the revenue from sale of power is Rs. 3002.50 Crore. The petitioner has estimated the revenue of Rs. 3002.50 Crore for FY 2012-13 based on the existing tariff including base FPPPA of Rs. 0.70 per unit. The petitioner 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 petitioner has estimated a revenue gap of Rs. 138.40 Crore for the FY 2012-13. The revenue gap estimated for FY 2012-13 is shown below:

Table 5.2: Proposed Revenue gap for FY 2012-13

(Rs. Crore)

Particulars	FY 2012-13
Approved ARR	3141.29 *
Less: Revenue from sale of power at existing tariff	2566.31
Less: FPPPA revenue @ 0.70 per unit	436.58
Net gap/(surplus)	**138.40**

** TPL has considered the prompt payment discount of Rs. 29.31 Crore in the revenue as against approved by the Commission in the net ARR.*

The petitioner has also claimed a carrying cost on the revenue gap proposed for the FY 2010-11. TPL has claimed a total carrying cost of Rs. 27.58 Crore and the same has been considered while computing the total revenue gap for FY 2012-13. The total revenue gap proposed by the petitioner including carrying cost is shown in the table below:

Table 5.3: Proposed Revenue gap for Determination of Tariff for FY 2012-13

(Rs. Crore)

Particulars	FY 2012-13
Total Gap/ (Surplus) pertaining to FY 2010-11	146.07
Carrying Cost @ 11% considered for Gap/(Surplus) for FY 2010-11	27.58
Proposed Gap for FY 2012-13	138.40
Cumulative gap for Tariff determination of FY 12-13	**312.05**

TPL has proposed to recover the aforesaid revenue gap through increase in the existing consumer tariff for FY 2012-13.

Commission's Analysis

The Commission has observed that the petitioner has not considered the approved category-wise sales in the MYT order dated Sep 6, 2012 while estimating the revenue for the FY 2012-13. The petitioner has considered the total sales as approved in the MYT order but has made a few changes within the category-wise sales.

Considering the above facts, the Commission has computed the total revenue for the 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. While computing the tariff, the Commission has also merged the LTP I and LTP II category in the RGP and Non-RGP category respectively. The revenue from sale of power computed by the Commission at the existing tariff is Rs.3065.14 Crore including FPPPA. The estimated gap for FY 2012-13 is given in the table below:

Table 5.4: Estimated Revenue gap of TPL- Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Projected by TPL	Estimated by the Commission
1	Net: Aggregate Revenue Requirement	3141.29	3170.60
2	Revenue from sale of power at existing tariff rates	2566.31	2628.55
3	FPPPA revenue @ Rs. 0.70 per unit	436.58	436.59
4	Net (surplus) / gap [1-(2 + 3)]	138.40	105.46
5	Add: Approved gap due to truing up of FY 2010-11	173.65	115.84
6	**Total revenue gap estimated for FY 2012-13 (4+5)**	**312.05**	**221.30**

5.4 Consolidated revenue gap for the TPL Distribution

As shown in Table no. 5.4 the Commission has estimated the total revenue gap of TPL Ahmedabad at Rs. 221.30 Crore. Similarly, the Commission has estimated the revenue surplus of TPL Surat area in Tariff Order of petition no. 1176 of 2011 at Rs. 22.42 Crore.

The Commission has noticed some anomaly in the quarterly submission of FPPPA charges regarding computation of incremental cost related to Sugen fixed cost and transmission charges. In the Tariff order dated 6th September, 2011 fixed cost and transmission charges for purchase of power from Sugen are approved by the Commission for each year of the MYT control period. The said Tariff order is applicable from 1st September, 2011. For the period from September 2011 and onwards the incremental fixed cost of purchase of power from Sugen and transmission charge were to be worked out comparing the actual fixed cost and transmission charge with the base value approved in the said Tariff order. The Commission found that TPL continued its previous practise of calculating incremental fixed cost and transmission charges by comparing the actual costs with the fixed cost and the transmission charges in Rs./unit terms. Due to this, there is an over-recovery of Rs. 82.49 Crore.

In view of the above, the Commission decided to adjust this over-recovery of Rs. 82.49 Crore against the consolidated projected revenue gap of FY 2012-13 for TPL. The table below summarises the consolidated revenue gap for the FY 2012-13:

Table 5.5: Consolidated revenue gap/(surplus) for TPL – Ahmedabad and TPL- Surat

(Rs. Crore)

Sl. No.	Particulars	TPL-Ahmedabad	TPL-Surat	Total
1	Total revenue gap/(surplus) estimated for FY 2012-13	221.30	(22.42)	198.88
2	Less: Additional recovery by TPL from FPPPA			82.49
3	**Net revenue gap estimated for FY 2012-13 (1-2)**			116.39

6. Directives

6.1 Compliance of earlier Directives

The Commission, in its Tariff Order dated 6th Sep 2011 had issued various directives to TPL. TPL has submitted a report on compliance of the directives issued by the Commission. The comments of the Commission on the submission/compliance of the TPL are given below. The Commission has also given fresh directives to the licensee wherever required.

Directive 1: Quality of Service

TPL is directed to submit an updated version of the Customer Charter every year.

Compliance

TPL has complied with the directive and submitted the Customer Charter for approval.

Commission's comments

Action taken by TPL is noted. TPL is directed to submit the updated customer charter every year to the Commission.

Directive 2: Capital Expenditure

TPL shall submit the cost-benefit analysis for the FY 2010-11 as well as for the period FY 2011-12 to FY 2015-16 by November, 2011.

Compliance

TPL has submitted the cost-benefit analysis for the FY 2011-12 to FY 2015-16.

Commission's comments

TPL was directed to submit the cost benefit analysis for various capex schemes. In response, TPL submitted details of expenses, status of various capex schemes and the summarised cost benefit analysis. TPL is directed to submit the detailed cost-benefit analysis for the major schemes separately.

Directive 3: Cost of Supply

TPL is directed to expedite the study of cost of supply for each consumer category by December 2011, as the cost of supply depends on the contribution to peak load and load usage pattern of each category and it would be different for each category of consumers.

Compliance

It is submitted by TPL that it will submit the study shortly.

Commission's Comments

TPL is directed to expedite the study and furnish the details of category-wise cost of supply by July, 2012.

Directive 4: Separate Books of Account

TPL has not submitted the separate accounts duly audited for Ahmedabad distribution for FY 2010-11. They should submit the segregated accounts immediately, as auditing of the accounts would have been completed by this time.

Compliance

TPL has stated that it has submitted the segregated audited accounts for Ahmedabad distribution area for FY 2010-11.

Commission's comments

Action taken by TPL is noted.

Directive 5: Voltage Fluctuations, Installations of Capacitors and Reactive Compensation

Awareness programmes for reactive compensation may be conducted periodically for awareness amongst the existing consumers and the new consumers and appraise the Commission on the action taken.

Compliance

It is submitted by TPL that it has made various efforts to create awareness amongst the consumers about the benefits of reactive compensation and appraised the Commission about the same.

Commission's comments

The action taken is noted. TPL should continue to conduct such awareness programmes in the future.

Directive 6: Capital expenditure for the FY 2011-12 to FY 2015-16

The TPL has projected capital expenditure of Rs.4037.36 Crore for the period FY 2011-12 to FY 2015-16. The Commission has not pruned the capital expenditure pending review. TPL is directed to submit cost-benefit analysis for the control period, year-wise, along with detailed justification for the proposed investment, particularly, the investment in special initiative on safety and the existing and proposed network plan. TPL is also directed to examine whether the proposed investment on special initiative on safety could be spread out to the next control period, as the investment is not related to meeting the additional demand.

Compliance

TPL has submitted that it has spread out the safety Capex partly on the next control period. Further, TPL has submitted the cost-benefit analysis for the FY 2011-12 to FY 2015-16.

Commission's comments

TPL was directed to submit the detailed justification for the proposed investment, particularly, the investment in special initiative on safety. In response, TPL submitted justifications of various safety related schemes.

6.2 New Directives

Directive 1: Reconciliation of units sold by TPL shown in the petition with annual audited accounts

TPL is directed to reconcile the units sold as claimed in the petition and as shown in the annual report.

7. Fuel Price and Power Purchase Cost Adjustment

7.1 Fuel Price and Power Purchase Cost Adjustment

The Commission has approved the formula for Fuel Price and Power Purchase Adjustment for TPL separately vide order under case No. 915/2007 dated 31st July, 2007. The formula approved by the Commission covers both, fuel price adjustment and power purchase adjustment components.

The FPPPA formula approved by the Commission vide its order dated 31st July, 2007 is reproduced below:

$$\mathbf{FPPPA = [F_{OT} + PPP_1 + PPP_2] \div [S.E]}$$

Where,

F_{OT}	Adjustment on account of variations in delivered cost of Fuel at TPL's thermal power stations (Rs. Millions).
PPP_1	Adjustment on account of variable cost of power purchased in (Rs. Millions).
PPP_2	Adjustment on account of fixed cost of power purchased in (Rs. Millions).
S.E. (in MU)	[Total sales in MU + Excess T&D loss in MU]

(a) Fuel cost adjustment of own generating stations:

$$\mathbf{F_{OT} = \sum_{n=1}^{k} \left[(H_B \times OTD_A) \times (Fuel\ C_A - Fuel\ C_B)\right]}$$

where,

n	1 to k, the thermal power station in TPL
OTD_A	is the actual level of delivered energy at the bus bar (net generation) from TPL'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.

Fuel C_A	is the new landed price of fuel at relevant TPL's generating stations, expressed in Rs./K.Cal calculated after allowing increase (or decreases) in the price of fuel/railway freight, taxes and duties on fuel as well as fuel price increase by fuel suppliers.
Fuel C_B	is the base landed price of fuel at relevant TPL's generating stations, expressed in Rs./K.Cal calculated using the base data. This parameter is constant (frozen) for the various quarters (periods) for which increases in fuel price is being permitted.

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

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.

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

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.

7.2 Base Price of Fuel of TPL Stations

The fuel costs of TPL's generating stations approved in this order are based on weighted average price and weighted average GCV of fuels (coal and secondary fuel oil) and cost of gas / MMBTU. These are as per the actuals for the FY 2010-11. The mix of the indigenous and imported coal for different stations is considered as approved in the tariff order for the FY 2012-13. The station-wise weighted average delivered price of fuel for main line coal and imported coal, secondary fuel, and the weighted average calorific value and the mix of indigenous and imported coal as approved for 2012-13 are given below: In the case of gas cost of gas /MMBTU as approved is given below:

Sl. No.	Station	Mix of indigenous and imported coal (ratio)	Weighted Average Cost of Coal		Weighted average GCV of Coal (K.Cal/ kg)	Weighted average GCV of secondary oil (K.cal/ Litre)	Cost of secondary fuel (Rs./KL)	Cost of gas (Rs./ MMBU)
			Main line indigenous Coal (Rs./MT)	Imported Coal (Rs./ MT)				
	Coal Based Stations							
1	C. Station	100:00	3385.00	-	4251	9909	30092.00	
2	D. Station	76:24	3385.00	5162.00	4469	9909	30092.00	
3	E. Station	76:24	3385.00	5162.00	4469	9909	30092.00	
4	F. Station	76:24	3385.00	5162.00	4469	9909	30092.00	
	Gas Based Station							
5	Vatva	-	-	-	-	-	-	289.76

The cost per MT for mainline indigenous coal is exclusive of Transit loss. The fuel costs are to be arrived at based on the operational parameters, station heat rate, specific oil consumption of secondary fuel, transit loss etc., approved by the Commission in this order.

The TPL may claim fuel price increase from the consumers in accordance with the formula approved by the Commission in the order referred to above. Prior approval of the Commission shall be taken, if any change is required in station operational parameters approved by the Commission in calculating adjustments of fuel cost.

The calorific values mentioned in aforesaid table are in terms of GCV (as claimed by TPL).

The weighted average calorific values indicated above for each station is based on assumed quantity of mainline indigenous coal, and imported coal as indicated in the tariff order for the year 2012-13.

7.3 Power Purchase Adjustment

The company has an arrangement with GUVNL for supply of required power to meet the demand of its consumers. The company has entered into an arrangement / agreement for supply of power by GUVNL and the same is approved by the Commission. The power purchase costs, according to the agreement, are projected at Rs.4.35/unit, which should be the base price for power purchase. TPL may claim the increase in the power purchase cost, if any, in accordance with the formula approved by the Commission, in the order referred to above. The rate of Rs.4.35/unit includes variable and fixed costs and other charges.

For different sources of power purchase, the capacity charges, transmission cost, variable cost per unit approved by the Commission for FY 2012-13 in MYT order dated 6th September, 2011 is shown in the Table given below:

Table 7.1: Capacity charges, Transmission cost and Variable charges approved by the Commission for FY 2012-13 (as per MYT order)

Particulars	Capacity charges/Transmission cost (Rs. Crore)	Variable charges (Rs./unit)
TPL - G(Sugen)	696.23	2.04
Transmission cost	102.97	-
Bilateral power purchase	-	4.35
Power Exchange market	-	5.59
Purchase from renewable sources		

Particulars	Capacity charges/Transmission cost (Rs. Crore)	Variable charges (Rs./unit)
Wind	-	3.52
Biomass	-	4.40
Solar	-	15.00

TPL may claim the difference between the actual purchase price and the price indicated in above table as per approved formula.

7.4 Base FPPPA charge fixed at 70 paise/unit.

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

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.

8. Wheeling charges and cross-subsidy surcharge

8.1 Introduction

Regulation 88.1 of MYT Regulations, 2011, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR & Tariff order.

8.2 Wheeling charges

Petitioner's Submission

The TPL has allocated the total ARR expenditure of TPL-D to wheeling and retail supply business considering the distribution infrastructure up to the service line as part of wheeling business and the distribution infrastructure from service line to consumer premises as part of the retail supply business. The segregation of components into wheeling and retail supply business has been done by TPL based on the following allocation matrix:

Table 8.1: Allocation matrix for segregation to "Wheeling and Retail Supply" submitted by TPL-D Ahmedabad for FY 2012-13

ARR components	Wire business (%)	Retail Supply business (%)
Power purchase expenses	0	100
Employee expenses	60	40
Administrative & General Expenses	50	50
Repair and Maintenance Expenses	90	10
Depreciation	90	10
Interest on long term loan capital	90	10
Interest on working capital and consumer security deposit	10	90
Bad debt written off	0	100
Income tax	90	10
Contribution to contingency reserve	100	0

ARR components	Wire business (%)	Retail Supply business (%)
Return on equity	90	10
Non-tariff income	10	90

On the basis of above allocation matrix TPL segregated total ARR of Ahmedabad supply area into ARR for wheeling and retail supply business as shown below:

a. ARR of Wheeling Business – Rs. 524.31 Crore
b. ARR of Retail Supply Business – Rs. 2616.91 Crore

Determination of Wheeling Charges

Due to difficulties in segregating costs at HT and LT level, the ARR for wheeling business, TPL-D has proposed to apportion the cost between the HT and LT level in proportion to the ratio of their GFA. The HT level assets were further proposed to segregate between HT and LT voltage levels as per peak load of the Ahmedabad Supply Area. Based on this approach, TPL-D has proposed the following wheeling charges for HT and LT voltage levels.

- HT Voltage - Rs 273.24 / kW/ month
- LT Voltage - Rs 496.45 / kW/ month

Commission's Analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharges, has considered the allocation matrix between the wheeling and retail supply business as per GERC (MYT) Regulations, 2011.

The allocation matrix and the basis of allocation of various cost components of the ARR as per GERC (MYT) Regulations, 2011 are shown below:

Table 8.2: Allocation matrix for segregation to "Wheeling and Retail Supply" for TPL-Ahmedabad Supply Area for FY 2012-13 as per GERC Regulations

ARR components	Wire business (%)	Retail Supply business (%)
Power purchase expenses	0	100
Employee expenses	60	40
Administrative & General Expenses	50	50
Repair and Maintenance Expenses	90	10
Depreciation	90	10
Interest on long term loan capital	90	10
Interest on working capital and consumer security deposit	10	90
Bad debt written off	0	100
Income tax	90	10
Contribution to contingency reserve	100	0
Return on equity	90	10
Prompt payment rebate	0	100
Non-tariff income	10	90

Based on the above allocation, the approved ARR for wires business and retail supply business are computed as shown below. The O&M expenses are segregated into employee, A&G and R&M expenses in the ratio of average of 2008-09, 2009-10 and 2010-11 actual expenses.

Table 8.3: Allocation ARR between wheeling and retail supply business for Ahmedabad for FY 2012-13

(Rs. Crore)

ARR components	Total	Wire business	Retail business
Power purchase expenses	2545.00	0.00	2545.00
O&M expenses			
(i) Employee expenses	81.10	48.66	32.44
(ii) Administrative & General Expenses	79.07	39.54	39.54
(iii) Repair and Maintenance Expenses	37.01	33.31	3.70
Depreciation	140.85	126.77	14.09

ARR components	Total	Wire business	Retail business
Interest on long term loan capital	105.40	94.86	10.54
Interest on consumer security deposit	14.43	1.44	12.99
Interest on working capital	7.13	0.71	6.42
Provision for bad debt	1.09	0.00	1.09
Income tax	8.52	7.67	0.85
Contribution to contingency reserve	0.60	0.60	0.00
Return on equity	174.27	156.84	17.43
Prompt payment rebate	29.31	0.00	29.31
Non-tariff income	53.25	5.33	47.93
Net ARR	**3170.60**	**505.07**	**2665.53**

The above allocations of ARR are used for determination of charges and cross subsidy surcharge for FY 2012-13.

The wheeling charges at 11kV voltage level for FY 2012-13 are given in the table below:

Table 8.4: Wheeling charges for 11kV voltage level

Sl. No.	Particulars	Ahmedabad area
1	Energy input into 11kV system (MU)	6816
2	Total distribution cost Wired Business (Rs. Crore)	505.07
3	Distribution cost for wheeling at 11kV (HT) (Rs. Crore) at 30% of total distribution cost	151.52
4	Wheeling charge at 11kV (Paise / kWh) (3/1)	22

Accordingly, the Commission approves the wheeling charges of 22 paise / kWh for Ahmedabad distribution area. In addition, 4% of energy in kind will be deducted from the energy input towards assumed loss in EHT / HT network of distribution licensee.

Wheeling charges worked out for LT voltage level for FY 2012-13 for Ahmedabad distribution area is summarised in the table below:

Table 8.5: Wheeling charges at LT voltage level

Sl. No.	Particulars	Ahmedabad area
1.	Energy in put into 11kV system (MU)	6816
2.	Losses in 11kV system (at 4%) (MU)	273
3.	Energy sales in 11kV system (MU)	1653
4.	Energy input into LT system (MU) [1-(2+3)]	4890
5.	Total distribution cost for wheeling business (Rs. Crore)	505.07
6.	Distribution cost at 11kV voltage (HT) level (Rs. Crore) (at 30%)	151.52
7.	Distribution cost at LT voltage level (Rs. Crore) (5-6)	353.55
8.	Wheeling charges at LT voltage level (Paise / kWh)	72

The open access consumer will also have to bear the following losses in addition to the wheeling charges.

Table 8.6: Wheeling charges in kind

Particulars	FY 2012-13
	Ahmedabad area
HT category	4.00%
LT category	8.5%

8.3 Cross subsidy surcharge

Petitioner's Submission

Determination of Cross-Subsidy Surcharge

The TPL-D has proposed the following methodology for computation of Cross-Subsidy Surcharge.

CSS = T – {[PPC/ (1- L)] +Avg W+ Avg RS}

Where:

CSS is the surcharge in Rs. per unit;

T is the Average Tariff payable by the relevant category of consumers in Rs. per unit;

PPC is the weighted average cost of power purchase in Rs. per unit

Avg. W is the average Wheeling charge in Rs. per unit

L is the system loss for the applicable voltage level, expressed as a percentage; and

Avg. RS is the average Retail Supply charge in Rs. per unit

Commission's Analysis

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

9. Tariff Philosophy and Tariff Proposals

9.1 Introduction

The Commission is guided by the provisions of the Electricity Act 2003, the National Electricity Policy (NEP), 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 and MYT Regulations 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 the 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 tariff structure.

The mandate of the Tariff Policy that the tariff should be within plus or minus 20% of the average cost of supply by FY 2010-11 has been the guiding principle. In working out the cost of supply the Commission has worked out on the basis of average cost of supply, in the absence of relevant data for working out consumer category-wise cost of supply.

9.2 Retail tariffs and restructuring of the tariff categories

9.2.1 Retail tariffs

TPL-D has worked out the cumulative gap for FY 2010-11 and FY 2012-13 and it has proposed to recover the estimated revenue gap through revision in tariffs for FY 2012-13. TPL, therefore, requested the Commission to allow necessary increase in tariff rates to meet the Aggregate Revenue Requirement (ARR) and the consequent revenue gap as shown in Table 5.3.

9.2.2 Issues in the existing tariff structure highlighted by TPL-D and Retail Tariff Proposal of TPL- D

Petitioner's Submission

The TPL has highlighted the following issues in the existing tariff structure and proposes to modify the existing tariff structure as mentioned below:

(i) **Recovery of majority of fixed cost through energy charges:** TPL-D has highlighted that the fixed charges as approved in the current tariff structure are not commensurate with the fixed cost being incurred by TPL-D. Hence, the recovery from energy charges compensates lower recovery from fixed charges so as to earn total revenue. TPL-D has submitted that at present, the revenue from fixed/ demand charges are about 8% of its total sales revenue at the existing tariff. TPL-D has proposed to increase the fixed/demand charges to the extent of about 13% of total sales revenue at proposed tariff for all categories of consumers.

(ii) **Applicability of DSM measures in LT category:** TPL has submitted that for implementation of DSM measures requires commercial interventions through the Regulatory process. Accordingly, TPL-D has proposed to increase the TOU charges for the HT Consumers and introduce TOU charges for the LTMD consumers having Billing Demand more than 50 KW.

(iii) **Temporary Tariff Category & rationalization of its rate:** TPL has submitted that in the existing tariff structure for temporary supply, there are no separate categories for HT and LT consumers. This may lead to dispute while releasing the connection / providing facilities and in turn applicability of tariff.

(iv) **Increase in retail tariff:** To recover the revenue gap, TPL-D has proposed an average tariff increase of 10.40% from the existing tariff level. TPL-D has proposed the tariff revision amongst all the consumer categories.

Commission's Analysis and decision

In the last Tariff order dated 6th September 2011 the Commission introduced major changes in the tariff structure. The categories of a significant number of consumers were changed due to change in tariff structure. The process is in the transition phase and full year data to review the impact of change in tariff structure is not available. In such a situation it is not advisable to make any further change at this stage in the tariff structure. However, as there is no provision of HT tariff rates for the temporary connection, the Commission has decided to introduce a separate category for HT Temporary as suggested by TPL.

9.3 Revenue Gap / Surplus

Gap / Surplus of TPL – Ahmedabad for FY 2012-13

The total revenue based on the existing tariff for TPL- Ahmedabad for FY 2012-13 is Rs. 3065.14 Crore and the net revenue gap estimated by the Commission for FY 2012-13 is Rs. 221.30 Crore as shown in Table 5.4

The consolidated revenue gap for the TPL- Ahmedabad and TPL-Surat for the FY 2012-13 including the truing up of FY 2010-11 is estimated at Rs. 116.39 Crore as shown in Table 5.5. The Commission has considered the consolidated revenue gap for the TPL- Ahmedabad and TPL-Surat for determination of tariff for FY 2012-13.

The MYT Regulations, 2011 provide 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 petitioner 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 59 paise per unit which increased to 151 paise per unit for the billing month of April 2012. In view of this 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 has increased from Rs. 447 in April 2011 to Rs. 563 in April 2012. Hence, there is almost 26% 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 has initiated third-party verification of the segregated audited accounts of the petitioner for the FY 2010-11 and audit of the fuel cost of the Sabarmati and Vatva generating stations for the FY 2010-11. The commercial implication, if any, resulting from these 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 estimated gap of FY 2012-13 and accordingly the energy charge for all the 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. 89 crore for both the licensee areas – TPL Ahmedabad and TPL Surat. 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.

9.4 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 for FY 2012-13 for TPL-Ahmedabad as shown in the table below:

Approved ARR for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Particulars	FY 2012-13
Power Purchase cost	2545.00
O&M expenses	197.18
Depreciation	140.85
Interest on loan	105.40
Interest on security deposit	14.43
Interest on working capital	7.13
Return on equity	174.27
Income Tax	8.52
Bad Debts	1.09
Contingency Reserve	0.6
Prompt payment rebate	29.31
Less: Non-tariff income	53.25
Net ARR	**3170.60**

The retail supply tariffs for Ahmedabad distribution area for FY 2012-13 approved by the Commission are 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

TARIFF SCHEDULE EFFECTIVE FROM 1ST June 2012

(A) Tariff Schedule for Ahmedabad - Gandhinagar License area of Torrent Power Limited- Ahmedabad

GENERAL CONDITIONS

1. This tariff schedule is applicable to all the consumers of TPL in Ahmedabad-Gandhinagar area.

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

3. 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.

4. 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.

5. The charges specified in the tariff are on monthly basis, TPL shall adjust the rates according to billing period applicable to consumer.

6. 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.

7. 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.

8. 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).

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

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

11. Maximum Demand in a month means the highest value of average kW as the case may be, delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.

12. 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.

13. 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.

14. Prompt payment discount on the total bill excluding all types of levies, duties or taxes levied by the Government or any other competent authorities and meter rent but including fixed charges, energy charges and minimum charge shall be allowed at the 1% rate for all tariff categories except tariff category 'Rate: TMP', provided that the bill is paid (i) within 14 days of the date thereof for LT consumers and (ii) within 10 days of the date thereof for HT consumers, provided that no previous account is outstanding as on the date of the bill.

15. The energy bills shall be paid by the consumer within 14 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date to the date of payment of bill.

16. Fuel Price and Power Purchase Adjustment (FPPPA) charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.

17. Statutory Levies: These tariffs are exclusive of Electricity Duty, Tax on Sales of Electricity, Taxes and other Charges levied/may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk/retail supplies from time to time.

18. 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 TPL shall be entitled to take any other action deemed necessary and authorized under the Act.

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE
(230 VOLTS- SINGLE PHASE, 400 VOLTS- THREE PHASE, 50 HERTZ)

1. Rate: RGP

Applicable for supply of electricity to residential premises and pumping stations run by local authorities, up to and including 15 kW of connected load.

1.1. FIXED CHARGE

For Other than BPL consumers

(a)	Single Phase Supply	Rs. 10 per month per installation
(b)	Three Phase Supply	Rs. 30 per month per installation

For BPL household consumers*

(a)	Fixed Charges	Rs. 5 per month per installation

1.2. ENERGY CHARGE

For Other than BPL consumers

(i)	First 50 units consumed per month	300 Paise per Unit
(ii)	For the next 150 units consumed per month	350 Paise per Unit
(iii)	Remaining units consumed per month	430 Paise per Unit

For BPL household consumers*

(i)	First 30 units consumed per month	150 Paise per Unit
(ii)	For remaining units consumed per month	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 zonal office of the Distribution Licensee. The concessional tariff is only for 30 units per month.*

2. Rate: GLP

Applicable for supply of electricity to ‘other than residential’ premises used for charitable purposes like: public hospitals, dispensaries, educational and research institutions and hostels attached to such institutions, youth hostels run by Government, religious premises exclusively used for worship or community prayers, electric crematorium etc. Such premises should be in the use of ‘Public Trust” as defined under section 2(13) of the Bombay Public Trust Act, 1950.

2.1. FIXED CHARGE

(a)	Single Phase Supply	Rs. 10 per month per installation
(b)	Three Phase Supply	Rs. 30 per month per installation

2.2. ENERGY CHARGE

(i)	First 200 units consumed per month	365 Paise per Unit
(ii)	Remaining units consumed per month	435 Paise per Unit

3. <u>Rate: Non-RGP</u>

Applicable for supply of electricity to premises which are not covered in any other LT tariff categories, up to and including 15 kW of connected load.

3.1. FIXED CHARGE

(a)	For installations having Connected Load up to and including 5 kW	Rs. 35 per kW per month
(b)	For installations having Connected Load more than 5 kW and up to 15 kW	Rs. 45 per kW per month

3.2. ENERGY CHARGE

A flat rate of	385 Paise per Unit

4. <u>Rate: LTP (AG)</u>

Applicable to motive power installations for agricultural purposes

4.1. ENERGY CHARGE

A flat rate of	318 Paise per Unit

4.2. MINIMUM CHARGE

Minimum Charge per BHP of Connected Load	Rs.10 per BHP per Month

Note:

1. The agricultural consumers shall be permitted to utilize one bulb or CFL up to 40 watts in the Pump House. Any further extension or addition of load will amount to unauthorized extension.
2. No machinery other than pump for irrigation will be permitted under this tariff.

5. Rate: LTMD-1

Applicable for supply of electricity to installations above 15kW of connected load used for residential purpose and pumping stations run by local authorities.

5.1. FIXED CHARGE

1. For Billing Demand upto and including Contract Demand

(a)	First 50 kW of Billing Demand per month	Rs. 100 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 130 per kW
(c)	Rest of Billing Demand per month	Rs. 170 per kW

2. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 325 Per kW

NOTE: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 6 KW

Whichever is the highest.

5.2. ENERGY CHARGE

i)	For Billing Demand up to and including 50 KW	390 Paise per unit
ii)	For Billing Demand above 50 KW	405 Paise per unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

6. <u>Rate: LTMD-2</u>

Applicable for supply of electricity to premises which are not covered in any other LT tariff categories, having above 15 kW of connected load.

6.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

(a)	First 50 kW of Billing Demand per month	Rs. 100 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 140 per kW
(c)	Rest of Billing Demand per month	Rs. 185 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 350 Per kW

NOTE: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 6 KW

Whichever is the highest.

6.2. ENERGY CHARGE

i)	For Billing Demand up to and including 50 KW	405 Paise per unit
ii)	For Billing Demand above 50 KW	425 Paise per unit

6.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

7. Rate: SL

Applicable to lighting systems for illumination of public roads.

7.1. ENERGY CHARGE

A flat rate of	365 Paise per Unit

7.2. OPTIONAL kVAh CHARGE

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

8. Rate: TMP

Applicable to installations for temporary requirement of electricity supply.

8.1. FIXED CHARGE

Fixed Charge per Installation	Rs.14 per kW per Day

8.2. ENERGY CHARGE

A flat rate of	435 Paise per Unit

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE
(11000 VOLTS- THREE PHASE, 50 HERTZ)

9. Rate: HTMD-1

Applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kW and above for purposes other than pumping stations run by local authorities.

9.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 180 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 275 per kW

NOTE: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 100 KW

Whichever is the highest.

9.2. ENERGY CHARGE

i)	First 400 units consumed per kW of Billing Demand per Month	380 Paise per unit
ii)	Remaining Units consumed per Month	370 Paise per unit

9.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below: (i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs. (ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 300 kW	50 Paise per Unit
(b) For Billing Demand Above 300 kW	70 Paise per Unit

9.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments, in excess of one third of total energy consumed during the month, shall be eligible for rebate at the rate of 50 Paise per KWH.

9.5. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

10. <u>Rate: HTMD-2</u>

Applicable for supply of energy to Water and Sewage Pumping Stations run by local authorities and contracting for maximum demand of 100 kW and above.

10.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 180 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 275 Per kW

NOTE: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 100 KW

Whichever is the highest.

10.2. ENERGY CHARGE

A flat rate of	335 Paise per unit

10.3 TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below- (i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs. (ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	50 Paise per unit

10.4 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

11. <u>Rate: HTMD-3</u>

This tariff shall be applicable to a consumer taking supply of electricity at high voltage, contracting for not less than 100 kW 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.

11.1. FIXED CHARGE

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

NOTE: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 100 KW

Whichever is the highest.

11.2. ENERGY CHARGE

For all units consumed during the month	640 Paise/Unit

11.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below- (i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs. (ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	50 Paise per unit

11.4. POWER FACTOR ADJUSTMENT CHARGE

C. Where the average Power Factor during the Billing period exceeds 90%

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

D. Where the average Power Factor during the Billing period is below 90%

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

12. Rate: NTCT (NIGHT TIME CONCESSIONAL TARIFF)

This is night time concessional tariff for consumers for regular power supply who opt to use electricity EXCLUSIVELY during night hours between 22.00 hours and 06.00 hours next day.

12.1 FIXED CHARGE

Fixed Charges	30% of the Demand Charges under relevant Tariff Category

12.2 ENERGY CHARGE

A flat rate of	320 Paise per unit

12.3 POWER FACTOR ADJUSTMENT CHARGE

E. Where the average Power Factor during the Billing period exceeds 90%

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

F. Where the average Power Factor during the Billing period is below 90%

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

NOTE:

1. *10% of total units consumed and 15% of the contract demand can be availed beyond the prescribed hours.*
2. *This tariff shall be applicable if the consumer so opts to be charged in place of HTMD tariff by using electricity exclusively during night hours as above.*
3. *The option can be exercised to switch over from HTMD tariff to this category 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 HTMD.*