

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2011-12 and
Determination of Tariff for FY 2013-14

For

**Torrent Power Limited - Distribution
Ahmedabad**

Case No. 1267 of 2012

16th April 2013

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(GERC)**

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ABBREVIATIONS

AGP	Agriculture General Purpose
A&G	Administrative and General
AMR	Automatic Meter Reading
APDRP	Accelerated Power Development and Reform Program
APP	Ahmedabad Power Plant
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
BHP	Brake Horse Power
BoB	Bank of Baroda
C&I	Control & Instrumentation
CAPEX	Capital Expenditure
CCPP	Combined Cycle Gas Power Plant
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CHP	Coal Handling Plant
CIL	Coal India Limited
CoD	Commercial Operation Date
CPP	Captive Power Plant
CT	Current Transformer
CV	Calorific Value
D/C	Double Circuit
ERP	Enterprise Resource Planning
ESP	Electro Static Precipitator
FPA	Fuel Price Adjustment
FSA	Fuel Supply Agreement
FY	Financial Year
GCV	Gross Calorific Value
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Asset
GIS	Geographic Information System
GT	Gas Turbine
GTG	Gas Turbine Generator
GUVNL	Gujarat Urja Vikas Nigam Ltd
HDFC	Housing Development Finance Corporation
HV	High Voltage
IDFC	Infrastructure Development Finance Corporation
IEC	International Electro Technical Commission
IGP	Industrial General Purpose



**Torrent Power Limited – Distribution, Ahmedabad
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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
MAT	Minimum Alternate Tax
MMBTU	Million British Thermal Unit
MOCB	Miniature Oil Circuit Breaker
MOD	Merit Order Despatch
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
NCV	Net Calorific Value
NTPC	National Thermal Power Corporation
O&M	Operations and Maintenance
OCB	Oil Circuit Breaker
OEM	Original Equipment Manufacturer
PAF	Plant Availability Factor
PBT	Profit Before Tax
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PLF	Plant Load Factor
PPA	Power Purchase Agreement
PPC	Power Purchase Cost
PT	Potential Transformer
R&M	Repair and Maintenance
RE	Revised Estimate
REC	Renewable Energy Certificate
RFO	Residual Fuel Oil
RLA	Residual Life Assessment
RMU	Ring Main Unit
RoE	Return on Equity
RPO	Renewable Purchase Obligation
RTC	Round the Clock



**Torrent Power Limited – Distribution, Ahmedabad
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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
SECL	South Eastern Coal Fields Limited
SFC	Secondary Fuel Consumption
SHR	Station Heat Rate
Sq.Km	Square Kilometre
STG	Steam Turbine Generator
TO	Tariff Order
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
UG cable	Underground Cable
UI	Unscheduled Interchange
VCB	Vacuum Circuit Breaker
VFD	Variable Frequency Drive
Wt.Av.	Weighted Average
YoY	Year on Year



Before the Gujarat Electricity Regulatory Commission at Ahmedabad

Case No. 1267 of 2012

Date of the Order: 16/04/2013

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) Regulations, 2011 for the True up of FY 2011-12, and for determination of tariff for distribution business at its Ahmedabad & Gandhinagar area for the FY 2013-14 on 31st December, 2012.

The Commission admitted the petition on 1st January, 2013.



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 purview 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 Hon'ble 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 Hon'ble High Court of Gujarat vide its order dated 11th September 2006.

1.3 Commission's Order for the second control period

TPL filed its petition under the Multi-Year Tariff 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 Regulations, 2011. The Commission issued orders for Truing up for FY 2010-11 and Tariff for FY 2012-13 on 2nd June, 2012.

1.4 Admission of the current petition and public hearing process

TPL submitted the current petition for ‘Truing up’ of FY 2011-12 and determination of tariff for FY 2013-14 on 31st December, 2012. The Commission admitted the petition (Case No. 1267/2012) on 1st January, 2013.

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 08.01.2013 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 (Ahmedabad)	English	08.01.2013
2	Sandesh (Ahmedabad)	Gujarati	08.01.2013
3	Gujarat Samachar (Ahmedabad)	Gujarati	08.01.2013
4	Divya Bhaskar (Ahmedabad)	Gujarati	08.01.2013
5	Sambhav Metro (Ahmedabad)	Gujarati	08.01.2013
6	Jaihind (Ahmedabad)	Gujarati	08.01.2013
7	Loksatta / Jansatta (Ahmedabad)	Gujarati	08.01.2013

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 07.02.2013.



The Commission received objections / suggestions from 16 consumers / consumer organizations. The Commission examined the objections / suggestions received and fixed the date of public hearing for TPL to be held at Ahmedabad on 01.03.2013 and Surat on 13.03.2013. 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 at Ahmedabad and Surat as scheduled.

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

A note on the issues raised by the objectors in their written submissions and 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.

1.5 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 TPL's 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 2011-12
5. The **fifth** chapter deals with the determination of tariff for FY 2013-14.
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.



1.6 Approach of this order

The Multi-Year Tariff Regulations, 2011 provide for truing up of the previous year, and determination of tariff for the ensuing year. The Commission had approved the ARR for the 5 years of the second control period from FY 2011-12 to FY 2015-16 in the MYT order dated 6th September, 2011.

TPL has approached the Commission with the present petition for “Truing up” for the FY 2011-12 and determination of tariff for the FY 2013-14.

The Commission has undertaken truing up for the FY 2011-12 including computation of gains and losses for the FY 2011-12 based on the submissions of the petitioner and the segregated audited annual accounts made available by the petitioner.

While truing up of FY 2011-12 the Commission has been primarily guided by the following principles:

1. Controllable parameters have been considered at the level as approved 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 2011-12 has been considered based on the GERC (MYT) Regulations, 2011. For the determination of the ARR for FY 2013-14, the Commission has considered the ARR for FY 2013-14 as approved in the MYT order dated 6th September, 2011.



List of Organizations and Individuals who filed objections / suggestions

Sl.No.	Name
1	Akhil Gujarat Grahak Sewa Kendra
2	Shri Navnitlal G. Patel
3	Shri BalkrishnaSinhPrithvisinhVaghela
4	Shri Bharat Kanaiyalal Bhatt
5	Shri Harshad P. Mehta
6	Shri Nootan Parekh
7	Shri Mukesh Parikh
8	Shri Parag K. Taktawala
9	Ahmedabad Municipal Corporation
10	ATMA – Ahmedabad Textile Mills Association
11	Indus Towers Limited
12	CERS – Consumer Education and Research Society
13	UUWA – Utilities Users welfare Association
14	Gandhinagar Shafer Vasahat Mahamandal
15	Shri Amarsinh Chavda
16	Gujarat Chamber of Commerce & Industry



List of Participants in Public Hearing

Sl. No.	Name
1.	Shri Bharat Kanaiyalal Bhatt
2.	Shri Harshad P. Mehta
3.	Shri Mukesh Parikh
4.	Shri Parag K. Taktawala
5.	Ahmedabad Municipal Corporation
6.	ATMA – Ahmedabad Textile Mills Association
7.	Indus Towers Limited
8.	CERS – Consumer Education and Research Society
9.	UUWA – Utilities Users welfare Association
10.	Gandhinagar Shaheer Vasahat Mahamandal
11.	Shri Amarsinh Chavda
12.	Gujarat Chamber of Commerce & Industry



2. Summary of TPL's Petition

Torrent Power Limited (TPL) submitted the current petition seeking approval of True Up for ARR of FY 2011-12 and determination of tariff for the FY 2013-14. The petitioner has also submitted tariff proposal for FY 2013-14 based on the estimated revenue gap for the FY 2011-12 and ARR of FY 2013-14.

2.1 Actuals for FY 2011-12 submitted by TPL

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

Table 2.1 Actual claimed by TPL for FY 2011-12

(Rs. crore)

Annual Revenue Requirement	Approved in MYT Order	Actual as per TPL
Power Purchase Cost	2257.84	2676.35
O&M Expense	186.51	217.71
Employee Cost	68.63	80.20
A&G Cost	35.38	57.52
R&M Cost	82.51	80.00
Depreciation	106.41	92.72
Interest Cost on Long-term Capital Loans	70.57	64.81
Interest on Working Capital Loans	6.95	13.64
Interest on Security Deposit	13.04	13.24
Return on Equity	146.93	138.16
Provision for Bad Debt	1.09	1.96
Contingency Reserve	0.60	0.60
Income Tax	8.52	20.47
Less:		
Non-Tariff Income	51.70	71.11
Annual Revenue Requirement	2746.76	3168.54

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

The table below summarizes 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 2011-12.



Torrent Power Limited – Distribution, Ahmedabad
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Table 2.2: Proposed Revenue Gap for FY 2011-12

		(Rs. crore)
Particulars		FY 2011-12
ARR as per MYT order	A	2746.76
Gain/(loss) due to Uncontrollable Factors	B	(444.18)
Gain/(loss) due to Controllable Factors	C	22.40
Pass through as tariff	D=(B+1/3 rd of C)	436.71
Revised ARR for True up for FY 2011-12	E=A+D	3183.48

Table below summarizes the Gap/(surplus) for Ahmedabad supply area for FY 2011-12.

Table 2.3: Revenue Gap/(Surplus) for Ahmedabad supply Area for FY 2011-12

		(Rs. crore)
Particulars	MYT Order	Actuals
Annual Revenue Requirement	2746.76	3183.48
Less:		
Revenue from Sale of Energy	2716.99	3097.21
Gap/(Surplus)	29.77	86.27
Earlier year's approved gaps		
Total Gap/(Surplus) for earlier period as per GERC (from 2007-08 to FY 2009-10)		68.90
Total Carrying Cost @ 11% till 31 st March, 2013		24.03
Cumulative Gap/(surplus) for FY 2011-12		179.20

TPL requests the Commission to approve the gap of Rs. 179.20 crore arrived as part of truing up process and to allow recovery of the same.

2.3 ARR, revenue at existing tariff, revenue gap and tariff proposal for FY 2013-14

TPL has considered the approved ARR of Rs. 3539.88 crore for FY 2013-14 for purpose of determination of tariff for FY 2013-14. The gap arrived at FY 2013-14 considering the revenue from sale of power including revenue from the base level of FPPPA is as given in the Table below:

Table 2.4: Revenue Gap of Ahmedabad supply Area for FY 2013-14

		(Rs. crore)
Particulars		Amount
Approved ARR		3539.88
Less: Revenue from Sale of power at existing Tariff including FPPPA revenue @ Rs. 0.70 per unit		3324.28
Net Gap/(Surplus)		215.61



TPL has proposed to recover the revenue gap of earlier periods up to FY 2009-10 and revenue gap for FY 2011-12 along with carrying costs and revenue gap of FY 2013-14 a total of Rs. 412.82 crore through tariff revision, amounting to average tariff increase of 12.42%.

2.4 TPL's request to the Commission:

- a. To admit the petition for truing up for FY 2011-12, approval of gap for FY 2013-14 and determination of tariff for FY 2013-14.
- b. To approve the gap of FY 2011-12 along with earlier years' approved gap as per the truing up and carrying cost for un-recovered gap.
- c. To approve the sharing of gains/losses as proposed by TPL-D for FY 2011-12.
- d. To approve the gap for FY 2013-14 based on approved estimates.
- e. To consider the under-recovery of cost as per the revised estimates of FY 2013-14 for approval of retail tariff and revision in FPPPA formula.
- f. To approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2013.
- g. To approve the Retail Supply Tariff and Additional Charge as proposed by the TPL for its Ahmedabad Supply area.
- h. To modify the existing FPPPA Formula as proposed by the Petitioner
- i. To allow additions/ alterations/ changes/ modifications to the application at a future date.
- j. To permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding.
- k. To condone the delay in filing the present petition.
- l. To allow any other relief, order or direction which the Commission deems fit to be issued.
- m. 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 2011-12 and determination of tariff for FY 2013-14, a number of consumers/consumer organizations 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. The Commission has, therefore, addressed the objections / suggestions issue-wise rather than objector-wise. The objections/suggestions by consumers / consumer organizations, the response from the Petitioner and the view of the Commission are as given below.

3.1 Charging of higher Tariff than by DISCOM

Objection:

The Objector has submitted that the Petitioner is charging the tariff rates higher than the DISCOMS.

Response by TPL:

TPL is charging the rates in accordance with the Commission's tariff orders issued from time to time. The increase in tariff has been sought due to increase in fuel and power purchase costs and also fixed cost due to various inflationary factors.

Commission's View:

The rates of respective Distribution Companies or TPL depend on the Power Purchase Cost and other expenses. The Commission approves the rates after prudence check of Power Purchase Costs and other expenses of the respective licensees.



3.2 Charging for copy of the petition

Objection:

The Objector has objected to the rate of Rs. 160 being collected by the Petitioner for providing the copy of the petition.

Response by TPL:

The Petitioner submitted that the charge of Rs. 160/- includes the nominal cost of printing and binding and the Objector has the option of downloading the copy of petition from the website of the Petitioner free of cost (www.torrentpower.com).

Commission's View:

TPL's response is noted.

3.3 Increase in Fixed Charges

Objection:

The Objector has objected to increase in fixed charges proposed by the Petitioner. The Objector has also objected to the fixed charges applicable to the Residential consumers of Ahmedabad license area and requested the Commission to determine the appropriate fixed charges.

Response by TPL:

The Petitioner submitted that it incurs the fixed costs for supplying electricity to its consumers in addition to the fixed cost component of power purchase arrangements. The existing fixed charges do not fully cover the fixed cost being incurred by the Petitioner. Hence, it has proposed an increase in fixed charges to meet the revenue requirement. This amounts to cross-subsidization by the consumers having better utilization of the contracted capacity. The same is contrary to the principles of Section 61(g) of the EA, 2003.

In order to address this anomaly, the Petitioner has proposed to increase its recovery of fixed cost through fixed charges by revising the rates of fixed/demand charges. At present, the revenue from fixed/ demand charges is about 8% of total sales revenue at existing tariff. It is proposed to increase fixed/demand charges to the extent of about 17% of total sales revenue at the proposed tariff. This will lead to reduction in cross-subsidization on account of lower utilization of the capacity.



Commission’s View:

The fixed charges are to recover fixed cost element in Power Purchase Cost and fixed cost of the licensee to deliver the power. The licensee(s) are not fully recovering the fixed costs at present.

3.4. Increase in Tariff

Objection:

The Objector has prayed to the Commission to reject the proposal of the Petitioner to increase the tariff.

Response by TPL:

The Petitioner has submitted that it has filed the current petition for approval of the tariff proposal in line with the provisions of the Act, The National Tariff Policy and GERC Regulations. While designing the tariff proposal, the Petitioner has given due consideration to the capacity to pay, cost of supply, reduction in cross-subsidization and other factors. Further, the Electricity Act, 2003 lays down the parameters for Tariff fixation. The principles enumerated in Section 61 of the Act speak of distribution and supply of electricity to be conducted on commercial principles while safeguarding consumer interest but ensuring recovery of cost of electricity in a reasonable manner.

Commission’s View:

With increase in costs year to year, there is a case for increase in tariff. The licensees should also control the costs. The Commission balances the interests of the consumers and the licensee and determines the tariff.

3.5 Outsourcing of activities and replacement of senior staff

Objection:

The Objector has submitted that the Petitioner has outsourced most of its activities and replaced senior staff with low emoluments and better skilled staff which would actually reduce the employee cost.

Response by TPL:

The Petitioner submitted that it is making all efforts to optimize the cost and also has been maintaining the efficiency parameters such as the T&D loss, collection



efficiency, etc. at very efficient levels as compared to any other similarly situated licensees. In order to maintain such efficiencies, the Petitioner needs to incur the necessary expenses for recruitment and retaining the skilled human resources.

Commission's View:

Whatever measures taken by the licensee to reduce costs, without sacrificing the service to consumers, are welcome as it reduces the cost of supply.

3.6 Recovery of Meter rent and fixed charges

Objection:

The Objector has objected to the recovery of Meter Rent and Fixed Charges and submitted that due to lack of competition, the Petitioner is taking advantage by levying such charges.

Response by TPL:

The meter rent and fixed charges are being recovered in line with the provisions of the Act, National Tariff Policy and the relevant Regulations. Section 45 (3) (a) of the Electricity Act, 2003 provides for the recovery of the fixed charge in addition to the charge for the actual electricity supplied while Section 45 (3) (b) provides for recovery of a rent in respect of the electrical meter installed.

Commission's View:

The Commission agrees with response of the Petitioner.

3.7 Publication of details of tariff in electricity bills

Objection:

The Objector has stated that the Petitioner ought to have published the details of the tariff rise sought in its electricity bill. However, the Petitioner has deliberately not done so and released the details in the newspapers.

Response by TPL:

The GERC (MYT) Regulations, 2011 and the GERC (Conduct of Business) Regulation, 2004 specify the procedure for release of public notice in one English language and one vernacular language newspaper. Accordingly, the Petitioner has released the public notice in both the English and vernacular language in the



newspapers. The suggestion of releasing public notice on the back of electricity bill is not feasible.

Commission's View:

TPL's response is noted.

3.8 Other companies to be allowed to distribute power

Objection:

The Objector has stated that the licensees in the electricity business should not be allowed to make huge profit. Other companies should be allowed to distribute power to allow competition which will reduce the electricity price.

Response by TPL:

The EA, 2003 requires conducting generation, transmission and distribution business as on commercial principles. Accordingly, the Regulations framed under the Act allow the utility to earn a regulated return.

Commission's View:

The Electricity Act, 2003 provides for a second distribution licensee in the same area.

3.9 Details of agreements, assets, equipment etc.

Objection:

The Objector has stated that the Petitioner should furnish the details of the coal/gas agreements, assets register, details of purchase of equipments, etc. in the Petition.

Response by TPL:

TPL has furnished all the relevant details in its petition in the prescribed formats, which include sales and purchase of electricity along with details of other expenses.

Commission's View:

The Petitioner has provided the details required as per the Regulations for approval of ARR and determination of tariff.



3.10 Reduction of Electricity Duty

Objection:

The Objector has suggested that the Government of Gujarat should reduce the Electricity Duty.

Response by TPL:

The Petitioner requests the Commission to consider the suggestion of the Objector and advise the State Government as per Section 86 (2) of the Act.

Commission's View:

The Commission has already advised the State Government for rationalization of Electricity Duty.

3.11 Extending the benefit of profits to the consumer

Objection:

The Objector has observed that the Petitioner is making profits and the benefit should be passed on to the consumers.

Response by TPL:

The profit shown in the Statement of Accounts can in no way be related to the tariff increase sought by the Petitioner as the norms, Regulations and principles as well as the nature of businesses for the existing petition and the Annual Reports are different under different statutes. The Petitioner further submitted that it has detailed the reasons for increase in revenue requirement and, in turn, tariff with reasons thereof in its petition.

Commission's View:

The Commission has allowed return on equity in accordance with the MYT Regulations, 2011.

3.12 Difference in Power Purchase and Sales

Objection:

The objector has submitted that for the FY 2011-12, the total generation and power purchase is 17448 MUs and the total sales is (14983 MUs) for the Company as a whole. The difference of 2465 MUs should be accounted for.



Response by TPL:

The difference between the total generation and power purchase (in MUs) with the total sales (in MUs) pertains to T&D losses. This includes T&D losses of 762 MUs of Ahmedabad and Surat license areas whereas balance 1703 MUs of T&D losses pertain to the Franchisee businesses of the Company.

Commission's View:

The Commission allows Power Purchase to the extent required for Ahmedabad and Surat areas including transmission and distribution losses of that area.

3.13 Revenue gap considering sales in Ahmedabad area

Objection:

The Objector has compared the fuel cost per unit rate and the unit rate of power purchase for the Company as a whole with the per unit rate of sales realization for Ahmedabad and suggested that the tariff rate ought to be reduced.

Response by TPL:

The per unit sales realization of Rs. 5.41 is to be compared with the per unit cost of supply of Rs. 5.56 considering the ARR of the Ahmedabad distribution license area to arrive at the gap or surplus. In the present case, the per unit realization is less than the per unit cost. Accordingly, there is a gap of Rs. 86.27 Crores considering the sales of 5721 MUs for Ahmedabad area. These details have been furnished in Truing Up Section of the Petition. The Petitioner has arrived at the Gap/ (Surplus) figure for FY 2011-12 based on actual revenue and Trued up ARR in accordance with the GERC (MYT) Regulations, 2011.

Commission's View:

The 'truing up' for FY 2011-12 is done after prudence check and with reference to Audited Accounts for FY 2011-12.

3.14 Recovery of higher FPPPA in FY 2011-12

Objection:

The Objector has observed that despite steep increase in coal prices in FY 2011-12, there is an increase of only Rs. 96.05 Crores in the fuel cost in FY 2011-12 over previous year. However, the FPPPA being recovered is at Rs. 1.57 per unit as against Rs. 0.70 per unit for the previous year.



Response by TPL:

FPPPA represents the recovery of increase in cost of Fuel & Power Purchase Cost. Further, Rs. 0.70 per unit is the base FPPPA approved by the Commission for FY 2011-12. The FPPPA applicable for the quarter includes the base FPPPA rate of Rs. 0.70 per unit. It may kindly be noted that the National Tariff Policy provides for the faster recovery of the uncontrollable costs like fuel costs in order to ensure that the future consumers are not burdened with the past costs. Accordingly, the Petitioner is recovering the FPPPA amount on quarterly basis. Further, the FPPPA amount is being reflected as part of the revenue collected from the consumers and therefore adjusted against the gap for the year.

Commission's View:

Commission approves FPPPA on due verification of the relevant data.

3.15 Time of use Tariff

Objection:

The Objector has objected to the Time of Use tariff proposed by the Petitioner and stated that uniform rate should be levied for usage of electricity during day or night.

Response by TPL:

Time differentiated tariff is a widely accepted principle being followed in Gujarat (including various States). The same has been provided for in the Tariff Policy issued by the Central Government under the Electricity Act, 2003. Accordingly, the Petitioner has proposed the Time differentiated tariff (Time of Use) for the consumers having load of 50 kW and above. The Time of Use tariff is prevalent for the HT category since long. The proposal is also in line with the objectives specified in GERC (Demand Side Management) Regulations, 2012. This would help in flattening the peak demand and implementing the energy conservation measures.

Commission's View:

The Time of use tariff is required as a Demand Side Management measure to reduce peak demand of the system.



3.16 Constitution of Independent Lokpal

Objection:

The Objector has suggested for constituting independent Lokpal for redressing the grievances of the consumers, employees, suppliers of the Petitioner.

Response by TPL:

A consumer having a grievance can approach the Petitioner's internal redressal mechanism, in addition to the independent Consumer Grievance Redressal Forum constituted by the Commission under the provisions of the Electricity Act, 2003. Further the Objector can also approach the Electricity Ombudsman appointed by the Commission under the provisions of Section 42 (6) of the Electricity Act, 2003

Commission's View:

TPL's response is noted.

3.17 Fixed charges to residential consumers

Objection:

The Objector has stated that in spite of the Commission's direction in suo motu Petition no. 1242/2012 regarding the fixed charges applicable to the residential consumers on the basis of connected load, the Petitioner has suggested that the LTMD-1 category should be abolished for residential consumers.

Response by TPL:

The Petitioner submitted that the demand based tariff has been in vogue for motive power load of 15 HP and above for residential and non-residential premises. Demand based tariff is one of the tools for achieving the ultimate objective of demand side management. Consumers under the LTMD category having connected load of 15 kW and above can fix their contract demand as low as 6 kW. The demand charges should be billed on the basis of the bill demand. The Petitioner has revised the structure of demand charges & energy charges in line with the tariff philosophy of recovery of cost of supply, capacity to pay and reduction of cross subsidization.

Commission's View:

Revised structure proposed by the Petitioner has been examined and appropriate decision taken.



3.18 Purchase of Power by TPL

Objection:

The Objector has submitted that the Petitioner is procuring more than 60% of the power from other sources at higher rates while its own generating capacity is lying idle and this has been passed to the public.

Response by TPL:

Petitioner submitted that it procures the power from its own generating facilities to the extent of allocated capacities and the shortfall in power supplies was met from the purchase of power from GUVNL and Power Exchange to ensure reliability of power to its consumers.

Commission's View:

TPL purchases power from its own generating stations and any short-fall is purchased from other sources.

3.19 Connected Load for purpose of billing

Objection:

The objector has referred to the definition and stated as to how the TPL can ask the consumers to fill up the form for all equipments lying around the house.

Response by TPL:

Petitioner considers only appliances which are installed at the consumer end to compute the total connected load. The licensee has to create the network in order to cater to the connected load of a consumer. The cost of creation of such network needs to be recovered from the consumer else it amounts to cross-subsidization. Further, Petitioner stated that the concept of applicability of tariff on the basis of connected load is in vogue across the State as well as the various Utilities across the country. In this connection, the Petitioner has also stated that (GERC) Electricity Supply Code and Related Matters Regulations, 2005 define the term "*connected load*" as under:

"Sum of the rated capacity of all the consuming apparatus installed at the consumer premises and actually connected to the system of the Distribution Licensee at the time of inspection once the connection has been released initially. This shall be



expressed in KW or KVA. If rating is in KVA, the same may be converted to KW by multiplying the KVA with a Power Factor of 0.9. If the same or any other Apparatus is rated by the manufacturer in HP, the HP rating shall be converted to kW by multiplying it by 0.746.”

Thus, it has submitted that the suggestions to alter or restrict the scope of the definition is beyond the ambit and purview of the present proceedings.

Commission’s View:

The Commission agrees with the response of the Petitioner. If the consumer has any specific complaint he/she may approach Consumer Grievance Redressal Forum.

3.20 Meter Testing Laboratory for testing

Objection:

The Objector has stated that the Petitioner’s Meter Testing Laboratory is not properly equipped. The Objector has further stated that the Petitioner should get all its meters tested at the independent/ third party meter testing laboratories.

Response by TPL:

TPL has a state of the art meter testing laboratory which has been accredited by the M/s NABL. Further, in case any consumer has any grievance regarding the accuracy of meter, the same can be got tested upon receipt of the complaint. Additionally, the consumer can opt for third party meter testing at the laboratories approved by the Commission

Commission’s View:

TPL’s response is noted.

3.21 Details of purchase of energy meters, fuel purchase, Diversion of Energy (DOE), Power Purchase cost etc.

Objection:

The Objector has sought various details regarding purchase of energy meters, Fuel purchase, DoE, Power Purchase, Cost of Supply and Employee Expenses.



Response by TPL:

TPL has furnished all the relevant information in its petition and in the formats as prescribed by the Commission.

Commission's View:

The response of the Petitioner is noted.

3.22 Information regarding recovery from theft cases

Objection:

The Objector has stated that the information regarding recovery from theft cases has not been mentioned by the Petitioner.

Response by TPL:

The Petitioner would like to clarify that the recovery from theft cases is included under the revenue head for the FY 2011-12 and is adjusted against the gap.

Commission's View:

The Commission agrees with the response of the Petitioner.

3.23 No control over theft losses

Objection:

The Objector has stated that despite having the necessary infrastructure and manpower, the Petitioner has failed to control the theft in its license area.

Response by TPL:

The distribution loss for Ahmedabad supply area for FY 2011-12 is 7.53%. It can be seen that the losses are already at a lower level. This has been possible due to the sustained efforts in terms of implementing efficient practices and perseverance from the employees.

Commission's View:

The response of the Petitioner is noted.



3.24 Revision of distribution loss trajectory

Objection:

The Objector has stated that the Distribution loss target should be revised to 5% for Ahmedabad and 3% for Surat license area respectively.

Response by TPL:

The Distribution loss trajectory has been approved by the Commission in its MYT order after giving due consideration to the various technical and commercial factors. The Petitioner has been able to achieve the lower distribution loss for both Ahmedabad and Surat license areas on account of its efficient operations. It may kindly be noted that the losses have already reached at the efficiency frontiers and further reduction may not be commercially advisable due to requirement of disproportionate investments.

Commission's View:

TPL's response is noted.

3.25 Details of consumers

Objection:

The Objector has sought the details of consumers category-wise, ward-wise for Ahmedabad, Gandhinagar and Surat license areas.

Response by TPL:

TPL has furnished all the necessary details, license area wise, consumer category-wise, in its petition in line with GERC (MYT) Regulations, 2011.

Commission's View:

The numbers of consumers category-wise are furnished in the tariff petition.

3.26 Abolition of fixed charges, meter rent and FPPPA for the BPL consumers

Objection:

The Objector has suggested the Commission to abolish the fixed charges, meter rent and FPPPA for the BPL consumers.



Response by TPL:

Section 45 provides for recovery of fixed charges in addition to energy charges and meter rent. Further, the Act has also envisaged the gradual reduction in cross-subsidy. However, the Petitioner has not proposed any increase in Fixed and Energy Charges of BPL category giving due consideration to the capacity to pay. The removal of application of FPPPA would increase the existing level of cross subsidy which is against the intent of the Act. Thus, the Petitioner submitted that it has addressed the issues raised by the Objector in its petition.

Commission's View:

If the fixed charges, meter rent and FPPPA are abolished for the BPL consumers, the burden falls on the other consumers as the utility has to realize its total costs. Hence, it is not possible to abolish these charges for BPL consumers.

3.27 Installation of defective meters

Objection:

The Objector has stated that the meters installed by the Petitioner are sensitive and defective. The consumers are aggrieved that meters are recording even if there is no consumption.

Response by TPL:

The Petitioner submitted that it ascertains the accuracy of meter before installation at consumer's premises by testing the same in the laboratory. Further, it also undertakes periodical testing and calibration of its Reference Standard Energy Measurement Equipment through independent agency having accreditation certificate. The Petitioner provides meter testing facility to the consumers who want to ascertain the accuracy of the meter. The Petitioner also carries out testing of meters on sample basis jointly with independent agency to establish the accuracy of the meters being installed by it.

Commission's View:

The objector may approach the "Consumer Grievance Redressal Forum" with such complaint, if any.



3.28 Revision of FPPPA formula

Objection:

The Objector has observed that the Petitioner has earned revenue through the FPPPA formula at the cost of consumers and suggested that the FPPPA formula should be revised.

Response by TPL:

FPPPA charges represent the recovery of increase in cost of Fuel & Power Purchase. The National Tariff Policy provides for the faster recovery of the uncontrollable costs like fuel costs in order to ensure that the future consumers are not burdened with the past costs. Accordingly, the Petitioner recovers the FPPPA amount on quarterly basis. It may be noted that the amount collected through FPPPA is being reflected as part of the revenue collected from the consumers and therefore adjusted against the gap for the year.

Commission's View:

The FPPPA formula provides only for recovery of incremental costs in fuel and power purchase incurred.

3.29 Reduction in cost of generation and distribution losses

Objection:

The Objector has stated that the Petitioner is not reducing the cost of generation and the distribution losses.

Response by TPL:

The Petitioner submitted that the increase in fuel cost is beyond the control of the Petitioner. It is a well-known fact that the prices of coal and gas have increased. As a result, the cost of generation has increased. The cost of generation on account of performance parameters is treated as controllable. Regarding the distribution loss, the Petitioner submitted that the distribution loss for Ahmedabad supply area for FY 2011-12 is 7.53%. This has been possible due to the sustained efforts and implementation of efficient business practices.

Commission's View:

TPL's response is noted.



3.30 Creation of awareness in ‘customer’s own meter’

Objection:

The Objector has stated that the Petitioner is not creating awareness regarding the ‘Customer’s own meter’.

Response by TPL:

The Petitioner submitted that it has carried out wide publicity of the option of ‘Customer’s own meter’. In this regard, the Petitioner has published the customer charter which includes the information regarding ‘Customer’s own meter’ and also made available all the details regarding “Customer’s Own Meter” on its website (www.torrentpower.com).

Commission’s View:

TPL’s response is noted.

3.31 Providing of consumer Helpline

Objection:

The Objector has suggested that the Petitioner should provide the Customer Helpline for its license areas.

Response by TPL:

The Petitioner submitted that the Customer Helpline is already in place and operational for the license areas of Ahmedabad-Gandhinagar and Surat.

Commission’s View:

The objector may utilise the “Customer Helpline” facility available.

3.32 Compliance of directives

Objection:

The Objector has stated that the Petitioner does not comply with the directives issued by the Commission.

Response by TPL:

The Petitioner strongly refuted the allegation and submitted that it is committed to comply with all the directives issued by the Commission.



Commission’s View:

The Commission monitors the compliance of directives by licensees.

3.33 Revised estimation of ARR and Income for MYT

Objection:

The Objector has objected to the revised estimates of ARR and income submitted by the Petitioner with respect to the MYT approved figures.

Response by TPL:

TPL has sought the tariff revision based on the truing up of FY 2011-12 and the approved ARR and Sales for FY 2013-14. The Petitioner has furnished the revised estimates of FY 2013-14 to apprise the Commission of the expected material changes for FY 2013-14.

Commission’s View:

The revision of ARR is not considered.

3.34 Upgradation of E-station

Objection:

The Objector has sought the details of the likely benefit after the E-station upgradation.

Response by TPL:

TPL is undertaking R&M activities at the 110 MW ‘E’ station. This would include upgradation of the turbine internals with state of the art efficient components and replacement of existing analog control system by state of the art DCS. This would result in the availability of generation at improved Station Heat Rate which would reduce the cost of generation.

Commission’s View:

TPL shall expedite upgradation of ‘E’ station.



3.35 Increase in revenue gap

Objection:

The objector has stated that the ARR of 2011-12 has increased from Rs. 2746.76 crores to Rs. 3183.48 crore amounting to an increase of Rs. 436.72 crore equivalent to 15.9 % and that the Petitioner has demanded recovery of Revenue gap for FY 2007-08, 2008-09 and 2009-10 which is unrecovered till date.

The objector has further stated that unrecovered pending gap of Rs. 68.90 crores along with interest of Rs. 24.03 crores is unjustified and will put additional burden on consumers if approved by the Commission. This gap of Rs. 92.93 crores for the previous three years and existing gap of Rs.104.29 crores for 2011-12 totalling to Rs. 197.22 crores is totally unwarranted and unjustified.

Response by TPL:

The pending gap of past years has been approved by the Commission vide its order dated 6th September, 2011 (Case No. 1092/2011) taking into consideration the APTEL judgments. However, the tariff approved by the Commission for FY 2011-12 was not sufficient to recover the gap of FY 2011-12 on the stand-alone basis. Thus, the pending gap of the past years is yet to be recovered. Furthermore, the carrying cost (interest as referred to by the Objector) for the unrecovered gap is the legitimate claim of the Petitioner to recoup the financial loss incurred due to deferment in recovery of gap. The recovery of carrying cost is the settled position of law.

Commission's View:

The Commission approves the costs after prudence check of the data furnished by the Petitioner.

3.36 Increase in A&G Expenses and Employee cost

Objection:

The objector has stated that steep increase in A&G expenses by Rs. 22.14 Crores is objected to. The increase in Employee's Cost by Rs. 11.57 crores or 16.9% is also objectionable.

Response by TPL:

TPL has detailed the reasons for the steep increase in the A&G expenses in the petition. Under the head of A&G, the security personnel expenses have increased



due to increase in minimum wage revision, whereas vehicle running expenses have increased due to inflation coupled with increase in Petrol/Diesel prices. Further, certain items of expenses like loss on sale of assets and repairs of EHV Transformers were not part of the base level expenses and hence ought to be approved as per actuals. Accordingly the Petitioner has requested the Commission to approve the same.

Commission's View:

The employee cost and A&G expenses are approved after prudence check and as per Provisions in the Regulations.

3.37 Indiscriminate interpretation of the Term 'Uncontrollable'

Objection:

The Objector has submitted that the Petitioner has, in violation of the GERC Regulations, calculated all parameters as uncontrollable. Further, parameters such as (i) Fuel Expenses (ii) Capital Expenditure (iii) O&M Expenses have been considered as uncontrollable by the Petitioner, contrary to the Regulations.

Response by TPL:

Fuel Expenses: The variation in fuel prices is treated as uncontrollable as per Regulation 23.1 of the GERC (MYT) Regulations, 2011. Further, the variation in fuel cost due to variation in performance parameters is considered as controllable.

Capital Expenditure: The variation in Capital Expenditure is due to various reasons, as detailed in the Petition. The deferment of Capex and, in turn, its implications on various cost items cannot be considered as controllable in accordance with the MYT Regulations, 2011. Accordingly, the Petitioner has given appropriate treatment to the various cost items related to Capex as uncontrollable.

O&M Expenses: The Commission has specified in the Regulation that Change in Law is to be treated as uncontrollable. The variation in O&M expenses is primarily on account of impact of change in law i.e. impact of wage revision implemented under the relevant Industrial Acts and the increase in minimum wage by the Govt of India. The higher rate of inflation, compared to the escalation factor considered while approving O&M expenses coupled with the business growth has resulted higher O&M expenses. In addition to these uncontrollable factors, the Petitioner has



incurred certain items of expenses which were not part of the base data. The details of impact of relevant factors have been detailed in the Petition.

Commission's View:

The Controllable and Uncontrollable expenses are approved as per the Regulations and after prudence check.

3.38 Demand Based Tariff for residential consumers

Objection:

The objector has stated that the Commission has introduced Demand Based Tariff for Residential Consumers having connected load above 15 kW vide its order dated 06.09.2011. The Petitioner had demanded separate category as RGP - II for Demand Based Tariff. Somehow the Commission has merged this new category with LTMD-1 which increased Fixed Charges almost ten times per month. The objector urged to include the following steps in the revised order which shall be applicable from 01.04.2013.

- (i) To have separate category of Demand Based Consumers as RGP - II.
- (ii) To include residential consumers having connected load above 30 kW in this category.
- (iii) To charge Rs.10/month as Fixed Charges up to Contract Demand and Rs.30/month above Contract Demand.
- (iv) To have two slabs of energy charges for this category.
- (v) To refund amount collected as fixed charges from existing Demand Based Tariff consumers which are approximately 1650.
- (vi)

Response by TPL:

The supplementary submissions amending its proposal for residential consumers having connected load of 15 kW and above have already been filed. The copy of the same has been forwarded to the Objector vide the Petitioner's letter dated 13th February, 2013. The same may kindly be decided by the Commission.

Commission's View:

The Commission has examined the proposal of the Petitioner and appropriate decision is taken in respect of the proposal.



3.39. Increase in Power Purchase Cost

Objection:

The objector has stated that the Petitioner is not able to get power supply from its Sugan plant due to non-availability of gas and therefore has to purchase expensive power from outside sources. Normally the difference in Power Purchase Cost is collected by Petitioner through FPPPA charges.

The Respondent strongly objects to additional cost of power purchase by Rs. 325.78 crores which may increase FPPPA charges by 32 paise/unit. The Petitioner may be directed to sign Fuel Supply Agreement with more than one source to avail gas supply and avoid transferring burden on consumers through FPPPA charges. The present FPPPA charges have already increased tariff by more than 25% for all category of consumers.

Response by TPL:

The Petitioner submitted that material changes have taken place in the sourcing of power in FY 2012-13 from the approved plan in MYT Order because of lower allocation of gas by the Government at SUGEN power plant. As a result, the Petitioner had to tie up power on short term basis from various bilateral sources and also procure more power from the power exchange. However, the increase in cost due to such changes is not getting recovered through the existing FPPPA formula.

It may further be noted that the Petitioner has purchased the REC during the months of June and August, 2012 to fulfil its RPO requirement. However, the same has not been recovered in the FPPPA formula. For recovery of the abovementioned unrecovered cost of mix variance and REC cost of H1 in FY 2012-13, the Petitioner has proposed “additional charge”. The same is in line with the principles enshrined in the Act and the Tariff Policy regarding faster recovery of uncontrollable costs to ensure that the future consumers are not loaded with the past costs.

Commission’s View:

TPL’s response is noted. FPPPA recovery is allowed in accordance with the formula approved.



3.40. Power Purchase Cost for Ahmedabad and Surat for FY 2011-12

Objection:

The objector has stated that the Power Purchase Cost has increased by Rs. 225 Crores amounting to an increase of 5.9%.

Response by TPL:

The power purchase depends on various parameters such as the energy sales, energy requirement and the energy availability. These parameters are uncontrollable in nature and hence the variation in the power purchase cost has been classified as uncontrollable item by the Commission except for the variation in distribution loss level. The variation in the power purchase cost from the MYT Order is on account of variation in sales and variation in actual cost with respect to the base rate along with purchase of power from short-term sources to meet the shortfall during the year.

Commission's View:

Power Purchase Costs are approved after prudence check.

3.41. Open Access Charges

Objection:

The objector has stated that in no case the cost of open access consumers should be loaded to the retail consumers. The Electricity Act, 2003 has clearly specified that large consumers should continue to compensate the distribution licensee even if they discontinue to purchase power from the distribution licensee to the extent of existing level of cross-subsidization to protect the interest of the small consumers. From the narration of the facts, it appears that large open access consumers intend to indulge in gaming to load their costs on the retail consumers. This is in violation of the Act.

The Commission should immediately intervene and take necessary steps to protect the interest of the retail consumers.

It is evident that there is an existing level of cross subsidization by the large consumers to the small consumers. However, the existing cross-subsidy surcharge is zero.

The objector requests the Commission to look into the issues in the formula specified by the National Tariff Policy and implement the formula so as to recover the cost of existing level of cross subsidization.



Response by TPL:

TPL has detailed its concerns regarding the Open Access and also suggestions to ensure that the retail consumers are not affected due to operationalization of OA mechanism.

As regards the issue of Cross Subsidy Surcharge, the Petitioner has proposed to revise formula for computation of Cross-Subsidy Surcharge in its petition to ensure the recovery of the actual level of cross subsidization in accordance with the EA, 2003.

The concerns of the Objector have been covered in the petition and the Petitioner requested to appropriately address these issues.

Commission's View:

The Commission has examined the issue and taken appropriate decision.

3.42 Carrying Cost

Objection:

The objector has objected to the carrying cost proposed by the petitioner and required to know the relevant clause under which such cost is recovered.

Response by TPL:

The tariff determination is based on the estimates of approved sales & ARR in the MYT exercise. Upon completion of financial year, the truing up mechanism is defined to arrive at the gap/(surplus) based on the variations with respect to the approved ARR. The carrying cost for the unrecovered gap is the legitimate claim of the Petitioner to recoup the financial loss incurred due to deferment in recovery of gap. The recovery of carrying cost is the settled position of law.

Commission's View:

There is no specific provision for carrying cost in MYT Regulations, 2011.

3.43. Increase in demand charges

Objection:

The objector has stated that increase in demand charge shall discourage the usage of renewable sources such as solar energy as the rebate received will be reduced.

Response by TPL:

The Petitioner is an obligated entity to fulfill the Renewable Power Purchase Obligation. The usage of solar generation by the Objector is a commercial decision. At present, the Petitioner recovers about 26% of the total fixed cost in HT category by way of the demand charges. The balance recovery of fixed cost is done through the energy charges. Hence, the recovery of fixed cost due to non-utilization of electricity is being borne by other consumers. This amounts to cross-subsidization by the other consumers to the consumers having lower utilization of the contracted capacity. The same is contrary to the principles of Section 61(g) of the EA, 2003.

Based on above, the Petitioner submitted that the rationalization of demand charges is imperative.

Commission's View:

Demand charges are built into the tariff to recover the fixed cost component in Power Purchase Cost and fixed charges of Distribution Company to some extent.

3.44. Increase in Fixed cost for new consumers

Objection:

The Objector has stated that high increase in fixed charges is not acceptable as customers who take new connections have to bear majority of the expenses.

Response by TPL:

Service line contribution recovered from the customers is only towards the last mile connectivity with the network in order to release the particular connection. However, the Petitioner has to create and maintain the entire upstream network to cater to the demand and give appropriate treatment to the service line charges collected from the consumers in accordance with the Regulations, while arriving at ARR

Commission's View:

The Commission agrees with the response of the Petitioner.



3.45 TOU Charges for sewage and pumping stations

Objection:

The Objector has requested for relaxation from applicability of TOU for HT connections taken for sewage and pumping stations by local authorities

Response by TPL:

The flattening of load through implementation of time differentiated tariff is in line with GERC (DSM) Regulations, 2012. Accordingly, the Petitioner prays to the Commission to approve the TOU scheme as proposed in the tariff schedule.

Commission's View:

As mentioned earlier, TOU charges are a part of Demand Side Management measure.

3.46 Revenue Gap

Objection:

The objector has stated that the Petitioner has suggested that the revenue gap should be met through tariff charges and alternative means that could inter-alia including financial reconstructing and transition financing..

Response by TPL:

TPL is one of the efficient utilities in the country. The Clause 5.2 (h) (4) of the National Tariff Policy (NTP) specifies that all the uncontrollable costs should be recovered speedily to ensure that future consumers are not burdened with past costs. As other mechanisms such as transition financing leads to burdening of the future consumers with the past costs, the Petitioner has requested the Commission to approve the recovery of the entire gap through the tariff revision

Commission's View:

This is examined and appropriate decision taken.

3.47 Additional charges to recover under-recovered cost in FPPPA

Objection:

The objector has objected to the proposal of the petitioner for additional charge to recover under recovery in FPPPA for H1 (2012-13).



Response by TPL:

TPL has requested to allow recovery of cost which has been incurred in power purchase and REC purchase during H1 of FY 2012-13 but not recovered through the existing FPPPA formula. Such under-recovery in the existing FPPPA formula leads to the accumulation of unrecovered cost at the end of the year. Hence, to avoid the unrecovered cost along with carrying cost, the Petitioner has proposed the Additional Charges in line with the provisions of the Tariff Policy. The Petitioner requests the Commission to allow the recovery through Additional Charge as prayed for in its petition.

Commission's View:

FPPPA recovery is allowed in accordance with the formula approved by the Commission.

3.48 Segregated Accounting Statements

Objection:

The Objector has raised doubts about the segregated accounting statements submitted along with the petition.

Response by TPL:

The Petitioner prepares and maintains the accounts as per the Accounting Standards specified by the Institute of Chartered Accountants of India in accordance with the Companies Act, 1956. The segregated Accounting Statements for the FY 2011-12, duly certified by the Statutory Auditors' of the Company, have been made available along with the Petition. The Petitioner submitted that all the requisite information for the present proceedings have been provided for in the Petition as required under the GERC (MYT) Regulations, 2011.

Commission's View:

TPL's response is noted.

3.49. Capital Expenditure and Investment

Objection:

The Objector has raised certain issues in regard to capital expenditure and alleged that Petitioner is making investment recklessly to benefit the group Company.



Response by TPL:

The Petitioner strongly refuted all the allegations. The Petitioner further submitted that the need for investment is being assessed based on the existing network, future load growth, safety and reliability of supply. All investments are made after detailed due diligence based on the need for the same besides best industry practices and guidelines specified by various regulations and the authority.

Commission's View:

The Commission approves the capital investment after examining the need for such investment. However, the interest and depreciation are allowed only on actual capitalization and asset put to use.

3.50 Interest on working capital

Objection:

The Objector has commented on the calculation of interest on working capital.

Response by TPL:

Petitioner has followed the methodology specified in the GERC (MYT) Regulations, 2011 while calculating the interest on working capital.

Commission's View:

The working capital is approved on normative basis as per GERC regulations.

3.51 Verification of sales data

Objection:

The Objector has requested the Commission to check the figures of Sales to Consumers with that of the returns filed in the office of Commissioner of Electricity Duty.

Response by TPL:

Overall sales data is same. It may kindly be noted that the categorization of consumers for Electricity Duty is different from the tariff schedule.

It is a settled position of law that every enactment has an essence, meaning and purpose of its own. Even definition of a term under a statute cannot be ipso facto lifted and utilized for the interpretation of the same term under another enactment.



Commission’s View:

The objection and response of the Petitioner are noted.

3.52 Reduction in T&D losses

Objection:

The objector has contended that the reduction in T&D loss should not be considered as controllable in the event of unreasonably high capital expenditure.

Response by TPL:

TPL’s existing distribution loss level is amongst the lowest in the Country. The distribution loss cannot be reduced just by incurring capital expenditure. The Petitioner needs to make all efforts to contain the technical losses and commercial losses, particularly, at lower loss level. The distribution loss trajectory has been approved by the Commission in accordance with the GERC (MYT) Regulations, 2011. The Petitioner has claimed gains for reduction in distribution loss trajectory in accordance with the GERC (MYT) Regulations, 2011.

Commission’s View:

TPL’s response is noted.

3.53 Clarification on Transmission losses

Objection:

The objector has sought clarification regarding transmission losses.

Response by TPL:

The transmission losses mentioned in the Petition pertain to GETCO and TPGL network for sourcing power at 400 kV Pirana Substation at Ahmedabad and 220 kV network for Surat supply area.

Commission’s View:

TPL’s response is noted.



3.54 Clarification between purchase of electrical component and energy input from renewable energy sources

Objection:

The objector has sought clarification about the relationship between the purchase of electrical component and energy input from renewable energy sources.

Response by TPL:

The purchase of electrical component relates to the purchase of electricity from the renewable sources on payment only towards the electrical component in accordance with the CERC (RE) Regulation, 2010.

Commission's View:

TPL's response is noted.

3.55 Purchase of power from power exchange and UI

Objection:

The Objector has sought clarification regarding purchase from power exchange and UI.

Response by TPL:

UI is not included in the purchase of power from power exchange. Regarding the UI, the Petitioner would like to state that UI depends upon various factors which are beyond the control of the Petitioner. The Petitioner makes all endeavours to reduce the cost. It may kindly be noted that it has resulted into net gain for the year under consideration.

Commission's View:

Unscheduled Interchange (UI) is the underdrawl or overdrawl against the scheduled power. UI mechanism is developed to improve grid discipline by imposing charges on those who defer from their scheduled drawl.

3.56 Average rate of REC

Objection:

The Objector has questioned the purchase of REC and sought the average rate of REC purchase.



Response by TPL:

Clause 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulation, 2010 specifies the Renewable Power Purchase Obligation (RPPO) for the obligated entities. The Petitioner has made all efforts to fulfil its RPPO. The Petitioner sources renewable power as per the PPA signed with M/s GPEC and surplus power from the captive renewable consumers. Despite efforts, the Petitioner does not receive the sufficient renewable power at the preferential tariff. Hence, the Petitioner has no option but to purchase REC to fulfil its RPO. The average purchase rate of REC was Rs. 2.84 per unit for FY 2011-12.

Commission's View:

REC price depends on market conditions.

3.57 Inflation to be absorbed through the business growth and gains

Objection:

The Objector has contended that business growth and gains should be able to absorb considerable part of inflation.

Response by TPL:

TPL has considered the variation of Rs. 23.80 Crores on account of uncontrollable factors as detailed in the petition. The variation in R&M and A&G expenses is primarily on account of actual higher rate of inflation compared to the inflation rate of 4.00% considered for three years to arrive at the approved expenses. The same has direct correlation with the regular items of expenses.

The security expenses have increased due to increase in minimum wage revision, whereas vehicle running expenses have increased due to increase in fuel prices. Thus, while inflation rate is almost double than the escalation rate considered for past three years and sales growth is lower than the approved sales, it is not possible to absorb the increase in cost through the sales growth and/ or productivity gains. Further, certain items of expenses were not part of the base level expenses. Hence, the Petitioner has legitimately claimed part of the O&M expenses as uncontrollable. It may kindly be noted that petitioner's performance gets reflected in terms of various performance parameters including lower distribution losses, higher reliability of power, lower transformer failure rate, etc.



Commission's View:

O&M expenses are approved as per GERC Regulations.

3.58 Safety capex plan

Objection:

The Objector has submitted that the safety Capex which has not been incurred should not be allowed to carry forward.

Response by TPL:

The Petitioner submitted that the Commission issued the MYT Order on 6th September, 2011, wherein it had directed the Petitioner to submit the revised safety plan by spreading total safety Capex plan beyond the control period. The Petitioner has submitted the revised safety plan for consideration of the Commission. Accordingly, the same was not incurred during the year.

Commission's View:

The revised safety Capex Plan submitted will be examined and appropriate decision will be taken.

3.59 Replacement of HT Switchgear

Objection:

The objector sought information on replacement of switchgear being carried at petitioner's cost or in case of HT consumers it is being paid by consumers. Some consumers have alleged to have been coerced to pay for replacement when they approached for enhancement of demand which is even minor. The existing equipment has full technical capacity to handle additional demand. Petitioner may clarify the policy on this aspect i.e. on replacement of switchgear having been initially paid by consumer and still within technical endurance.

Response by TPL:

The cost of replacement of Switchgear is being borne by the Petitioner, except for HT consumers. The Petitioner strongly refutes the allegation that any consumer has been coerced to pay for replacement of the switchgear. It may be noted that the replacement of old and unsafe switchgears is an on-going exercise as part of Distribution Capex for ensuring safety and reliability of the network. In case of HT consumers, the cost of replacement is recovered from the consumer as the



switchgear is exclusively used by that HT customer. The Petitioner further stated that it advises for replacement of the switchgear only on the technical & safety grounds and not in all cases of extension of load. The amount collected from the consumer towards the replacement of HT switchgear becomes part of the Service Line Contribution.

Commission’s View:

TPL’s response is noted.

3.60 Usage of material and labour for load balancing

Objection:

The Objector has sought clarification on the usage of material and labour for load balancing.

Response by TPL:

The load balancing was being carried out along with load management to cater to the load growth. The load balancing in isolation does not require material. The Petitioner carries out the optimization exercise at various levels and it helps in reducing the losses.

Commission’s View:

TPL’s response is noted.

3.61 Reduction in APDRP grants, loans and service line contribution

Objection:

The Objector has suggested that APDRP grants, loans and Service Line Contribution (SLC) should be reduced while calculating interest on Working Capital.

Response by TPL:

APDRP grants, loans and SLC are capital receipts. The appropriate treatment to such capital receipts has been specified in the GERC (MYT) Regulations, 2011 and the same has been followed by the Petitioner. The Regulations are statutory Regulations framed, *inter alia*, under Section 181 of the Act.

Commission’s View:

TPL’s response is noted.



3.62 Injection of additional equity

Objection:

The objector likes to know how additional equity has been injected? Is it notional like proportioning new and additional capital expenditure or issued in real terms? If CAPEX is proportioned into debt and equity, as per the norms, then service line contribution and SD also go to finance capital assets and cannot be part of Rate Base. GERC may discount addition based on capital receipts equity level if petitioner does not consider so.

Response by TPL:

TPL has injected equity through the internal accrual. In this regard, the Petitioner submitted that SLC has been deducted from the assets for the calculation of eligible debt and equity. Regarding Security Deposit, it may kindly be noted that SD has nothing to do with the treatment of Capital expenditure.

Commission's View:

TPL's response is noted.

3.63 Variations in expenses and income

Objection:

The Objector has observed that there are less gains and more losses on account of higher expenditure.

Response by TPL:

The variations for each item of expenses and income has been dealt with and resultant sharing of gains & losses has been arrived at in line with the GERC (MYT) Regulations, 2011.

Commission's View:

The expenditure and the gains / losses are allowed as per GERC regulations.

3.64 Open access and cross-subsidy

Objection:

The objector has alleged that issues of open access and cross subsidy are created to gain unlawfully.



Response by TPL:

The Petitioner submitted that it has given detailed explanation of the issues in open forum during hearing of the related matters to the Commission and has given detailed brief in the current petition as well.

Commission's View:

The objection and the response are noted.

3.65 Rejection of mix variance in FPPPA formula

Objection:

The Objector has suggested not to allow mix variance in FPPPA formula.

Response by TPL:

The issue of mix variance has been discussed and deliberated in the petition. The Petitioner submitted that the suggestion of modification of FPPPA formula to factor mix variance is in the interest of all the stakeholders.

Commission's View:

The Commission has examined the issue and taken appropriate decision.

3.66 Allocation matrix between retail and wire business

Objection:

The objector has objected the basis of allocation between retail and wire business and submitted that it is arbitrary. The Objector has further submitted that in case of open access, the Petitioner is required to provide service up to the metering point.

Response by TPL:

TPL has followed the allocation matrix specified in the GERC (MYT) Regulations, 2011. Regarding the view of the Objector about the responsibility of the Petitioner up to the metering point, the Petitioner submitted that it requires determination of wheeling charges considering all expenses except power purchase cost.

Commission's View:

The GERC has fixed the allocation matrix after examining the costs incurred on various ARR components of the utilities.



3.67 Computation of wheeling charges

Objection:

Regarding the computation of wheeling charges, the Objector has sought the details of ARR allocation for wheeling business.

Response by TPL:

Petitioner submitted that it has computed the wheeling tariff based on the allocation of ARR of distribution business, in accordance with the GERC (Multi-Year Tariff) Regulations, 2011.

Commission's View:

Wheeling charges are approved as per the matrix approved in GERC (MYT) Regulations.

3.68 Recovery of Cross subsidy surcharge

Objection:

The Objector has objected the issues raised by the Petitioner about the recovery of cross subsidy surcharge to meet the existing level of cross-subsidization.

The Objector has also suggested to calculate the cross subsidy surcharge considering the rate offered by the energy supplier to the open access consumer instead of the local licensee.

Response by TPL:

The Petitioner has proposed the formula only to recover the existing level of cross subsidization as provided for in the EA, 2003.

The Tariff Policy specifically provides for the recovery of cross subsidy through surcharge. Further, the Tariff Policy has specified the suggesting formula using the “may” as one of the tool to compute the surcharge. The Petitioner submitted that the guidelines issued under the Act should achieve the ultimate objective as required under the Act and cannot be read contrary to the specific provisions of Section 42(2) of the Act. The Petitioner has proposed the formula to work out the existing level cross subsidy. The Commission may decide in line with the provisions of the EA, 2003.



The suggestion of the objector to calculate cross subsidy surcharge considering the ratio offered by the energy supplier is against the provisions of the EA, 2003. Hence, the same cannot be considered.

Commission's View:

This is examined and appropriate decision taken.

3.69 Fixed cost to be in Rs./kW

Objection:

The Objector has stated that fixed cost should be in Rs./kW.

Response by TPL:

TPL has proposed the fixed charges on per kW basis except for small consumers

Commission's View:

The objection and response are noted.

3.70 Apportionment of ARR on the basis of net assets

Objection:

The Objector has suggested that apportionment of ARR should be on the basis of net fixed assets instead of gross fixed assets on the ground that low voltage assets get depreciate faster and should have lower weightage.

Response by TPL:

The rationale for apportionment has been given in the petition. It submitted that the apportioning the wheeling ARR on the basis of GFA is the correct approach.

Commission's View:

This is examined and appropriate decision taken.

3.71 Rationale to consider contract demand for coincident peak demand

Objection:

The Objector has sought the rationale for considering 85% of contract demand as contribution to coincident peak demand.



Response by TPL:

HT consumers have contracted for the demand capacity which they exert on the system irrespective of their connected load. The HT consumers are required to pay the minimum demand charges at 85% of the contract demand. The coincident peak takes place during the day and generally all the HT consumers exert their demand during day time. Thus, considering the 15% margin for the demand, the Petitioner has considered the 85% of the sum Contract Demand of HT consumers as the contribution to the peak demand. The voltage wise peak demand is relevant as the ARR is segregated into HT & LT voltage level to reflect the cost of the relevant voltage level network.

Commission's View:

TPL's response is noted.

3.72 Computation of per unit fixed charges

Objection:

The objector has asked the Commission to minutely examine the computation of per unit fixed charges mentioned in the petition.

Response by TPL:

The computation done by the objector is without taking into effect the amount of RoE, Non-tariff income and Fixed cost of power purchase. These three items are also included in the fixed cost of the petitioner. Further the fixed cost by the energy requirement, instead of sales MUs, has been divided. The Petitioner submitted that after taking into account all items of approved ARR and computing it with approved sales the figures of Rs. 2.25 per unit would be arrived at as submitted in the petition.

Commission's View:

This is examined and appropriate decision taken.

3.73 Increase in Fixed charges for HT consumers

Objection:

The Objector has submitted that the Petitioner has proposed to increase the fixed charges for the HT consumers above 1 MW in the tariff of FY 2013-14, whereas for



the other consumers, it has proposed to increase over a period of 5 years. Thus, this proposal is discriminatory and hinder the consumers from availing open access.

Response by TPL:

TPL has given the rationale for increasing the demand charges and decreasing the energy charges for the HT consumers having contract demand above 1 MW. The same would address the issue of anomaly in tariff structure. The proposal would also protect the interest of other retail consumers, else under the guise of Open Access the large consumers could load their cost on the other retail consumers amounting to new level of cross subsidization. The same is against the provisions of the EA, 2003. The proposal submitted by the Petitioner also provides level playing field for all the stakeholders.

Commission's View:

This is examined and appropriate decision taken.

3.74 Increase in wheeling charges

Objection:

The Objector has stated that the Petitioner has allocated 88% of ARR to wheeling business to increase the wheeling charges.

Response by TPL:

The Petitioner submitted that it has allocated the approved ARR on the basis of allocation matrix specified in the GERC (MYT) Regulations, 2011. The Objector himself has observed and suggested to allocate more to the wheeling business as the Petitioner should have an obligation (fault repairing, fuse replacement, meter replacement) up to metering point except the supply of electricity.

Commission's View:

The wheeling charges are worked out as per the Regulations.

3.75 Impact of revision of FPPPA formula

Objection:

TPL has proposed to revise the formula to work out FPPPA. However, nowhere in the proposal has it been mentioned likely impact of the same on the per unit charge. It needs to be elaborated



Response by TPL:

This would help the Petitioner to recover the difference in the actual weighted average power purchase cost with respect to the approved weighted average power purchase cost. The impact of the same cannot be worked as the actual weighted average power purchase cost is not known as of now.

Commission's View:

The Commission has retained the existing FPPPA formula for FY 2013-14.

3.76 Change in power purchase cost

Objection:

The Objector has stated that the Petitioner has proposed to amend the top 5% Power Purchase cost with the average power purchase cost is to increase the Cross Subsidy surcharge.

Response by TPL:

TPL has furnished the rationale for the proposed modification to calculate the cross subsidy surcharge. The proposed modification is in line with the provisions of Section 42(2) of the EA, 2003 and the principles mentioned in the Tariff Policy.

Commission's View:

This is examined and appropriate decision taken.



4. Truing up of FY 2011-12

4.0 Introduction

This chapter of the order deals with the truing up of FY 2011-12 for TPL-D, Ahmedabad.

The Commission has studied and analysed each component of the ARR for the FY 2011-12 in the following paragraphs.

4.1 Energy Sales to the Consumers

Petitioner's submission:

TPL has submitted the category-wise actual energy sales for Ahmedabad area for the FY 2011-12 along with the sales approved by the Commission in MYT order dated 6th September, 2011 as given in the Table below:

Table 4.1: Energy sales for FY 2011-12 for Ahmedabad Area

SI.No	Category	As per MYT Order for FY 2011-12	Actuals claimed for FY 2011-12 (MU)
1	Residential (RPG)	1886.00	1830.15
2	Commercial (Non RPG)	1035.00	880.56
3	LTP	301.00	151.57
4	LTMD	933.00	1152.30
5	HT	1449.00	1538.67
6	HT Pumping	106.00	88.31
7	Others	73.00	70.94
8	DoE Units	-	8.79
9	Total	5783.00	5721.29

The actual sales come to 5721.29 MU in the Ahmedabad area for FY 2011-12 against 5783 MU as per MYT order.

Commission's Analysis

The Commission, in the MYT order dated 6th September, 2011, had considered estimated sales of 5783 MU for Ahmedabad area for FY 2011-12. The actual energy sales in Ahmedabad area are 5721.29 MU, which is lower (61.71 MU) than the estimated sales considered by the Commission in the MYT order.



The Commission approves the energy sales for Ahmedabad area totalling to 5721.29 MU for truing up for FY 2011-12.

4.2 Distribution Loss

Petitioner's submission

The TPL has submitted that the actual distribution loss was 7.53% in the Ahmedabad area for FY 2011-12. The distribution loss approved in the MYT order for FY 2011-12 and the actuals for FY 2011-12 are given below:

Table 4.2: Distribution loss for FY 2011-12

Particulars	As per MYT Order for FY 2011-12	Audited Actual (%)
Distribution Loss	8.50	7.53

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

The Commission approves the Distribution loss at 7.53% for Truing up of FY 2011-12.

4.3 Energy Requirement and Power Purchase

Petitioner's submission

TPL – D has submitted that the power purchase for its Ahmedabad and Surat license areas has been carried out on collective basis and the latest power purchase cost has been apportioned between Ahmedabad and Surat on the basis of drawal of power.

Accordingly, energy requirement of Ahmedabad and Surat areas, availability of power from various sources and power purchase cost are considered together for Ahmedabad and Surat areas as below.

Energy Requirement for Ahmedabad and Surat Areas

Based on the actual energy sales and Transmission and Distribution losses, for the energy requirement of TPL – D (Ahmedabad and Surat) are given in the Table below.



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Table 4.3: Energy Requirement of TPL – D Ahmedabad for FY 2011-12

Sl.No.	All figures in Nos.	MYT Order	Actual
1	Ahmedabad Supply Area		
2	Energy Sales (MU)	5783.00	5721.29
3	Distribution Loss (%)	8.50%	7.53%
4	Distribution Loss (MU)	537.22	465.96
5	Energy input at distribution level (MU)	6320.22	6187.26
6	Transmission Loss (MU)	140.60	115.71
7	Energy Requirement (A)	6460.82	6302.97
8	Surat Supply Area		
9	Energy Sales (MU)	3274.00	3082.51
10	Distribution Loss (%)	5.15%	4.64%
11	Distribution Loss (MU)	177.77	149.99
12	Energy input at distribution level (MU)	3451.77	3232.52
13	Transmissions Loss (MU)	32.93	30.34
14	Energy Requirement (B)	3484.70	3262.84
15	Total energy Requirement (A+B)	9945.52	9565.81

Energy Availability for TPL – D (Ahmedabad and Surat)

TPL-D has projected the energy availability from TPL-D sources collectively for Ahmedabad and Surat license areas from its own plant at Sabarmati and Vatva of TPL-G (APP), TPL (SUGEN) Plant, wind energy for RPO obligation and other sources bilateral purchase / power exchange and GUVNL. The source-wise power procured for TPL-D is provided in the Table below:

Table 4.4: Energy Availability (Net) for FY 2011-12 for TPL – D supply Area (Ahmedabad and Surat)

Sl.No.	Energy Sources	MYT Order	Actual
1	TPL – G (APP)	3370.46	3128.25
2	TPL – G (SUGEN)	5867.71	5435.28
3	GUVNL / Bilateral	861.00	697.73
4	Power Exchange	136.53	689.61
5	RPO /Wind Energy	551.31	109.25*
6	Sub-Total	10787.01	10060.12
7	Less: Sales of Surplus Power / UI	(841.49)	(494.31)
10	Total	9945.51	9565.81

* Includes the adjustments on account of wheeling and purchase of Electrical Component.

The quantum of UI power on account of deviation from the schedule purchase has been deducted from the total energy procured. The power purchase from power exchange is mainly to meet the shortfall in power supplies.



Power Purchase Cost for Ahmedabad and Surat Areas

The TPL has submitted that power purchase depends on energy sales, distribution loss, energy requirement and the energy availability. The cost of power purchase from various sources as provided by TPL is given in the Table below.

Table 4.5: Power Purchase Cost for TPL-D supply Area for FY 2011-12

(Rs. Crores)

Sl.No.	Energy Sources	MYT Order	Actual
1	TPL – G (APP)	1138.68	1212.81
2	TPL – G (SUGEN)	1988.95	2054.49
3	GUVNL	374.50+14.18	313.06
4	Power Exchange	76.32	295.27
5	RPO /Wind Energy	211.96	35.91*
6	REC	-	119.31
7	Total	3804.59	4030.85

* Includes the adjustments on account of wheeling and purchase of Electrical Component.

Out of total power purchase cost of Rs. 4030.85 crores, TPL claimed Rs. 2676.35 crores for Ahmedabad distribution area and balance for the Surat distribution area.

Commission's Analysis

Energy Requirement

The energy requirement for Ahmedabad area submitted by the Petitioner for FY 2011-12 along with energy requirement of MYT Order has been examined. The actual energy sale is marginally lower than approved in MYT order and also the T&D losses. The lower sales and lower distribution losses have resulted in the reduction of energy requirement during FY 2011-12. The distribution losses approved in MYT Order was 8.50% (537.22 MU) and the actual distribution losses achieved is 7.53% (465.96 MU). The total energy requirement being the sum of energy sales and transmission and distribution losses is 6302.97 MU for FY 2011-12.

The Commission, accordingly, approves the energy requirement of Ahmedabad distribution area at 6302.97 MU for truing up for FY 2011-12 as summarized in Table 4.3 above.

Energy Availability

TPL has submitted that the power purchase for its Ahmedabad and Surat license areas has been carried out on collective basis. TPL has purchased power from TPL-G (APP), TPL – G (SUGEN), GUVNL, Power exchange, RPO / wind energy to meet



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the requirement of Ahmedabad and Surat areas. All the sources are approved sources of power in the MYT order. TPL has made short-term purchase of power (1387.34 MU) from GUVNL and power exchange against 997.53 MU approved in the MYT order. This additional short-term purchase is due to shortfall in generation at TPL – G (APP) and TPL (SUGEN). The Commission observed that TPL has sold 494.31 MU of energy under sale of surplus/ UI (Unscheduled Interchange).

The Commission approves the source-wise power procured for by TPL - D for Ahmedabad and Surat areas as given in Table below:

Table 4.6: Approved Source-wise Power purchase for Truing up for FY 2011-12 for TPL -D
(MU)

Sl.No.	Energy Sources	MYT Order	Actual
1	TPL – G (APP)	3370.46	3128.25
2	TPL – G (SUGEN)	5867.71	5435.28
3	GUVNL	861.00	697.73
4	Power Exchange	136.53	689.61
5	RPO /Wind Energy *	551.31	109.25
6	Sub-Total	10787.01	10060.12
7	Less: Sales of Surplus Power / UI	(841.49)	(494.31)
8	Total	9945.51	9565.81

Out of total power purchase of 9565.81 MU, the requirement of Ahmedabad license area is 6302.97 MU as seen from Table 4.3 above.

Power Purchase Cost

The TPL has submitted the actual power purchase cost for FY 2011-12 along with power purchase cost approved in MYT order as given in Table 4.5. Power purchase cost against various energy sources stated by TPL as approved in MYT Order is not correct. The corrected cost for each energy sources as approved in the MYT Order is mentioned in the table below:

Table 4.7: Power Purchase Cost as approved in MYT Order and actual for TPL-D for FY 2011-12

Sl.No.	Energy Sources	MYT Order	Actual
1	TPL – G (APP)	1138.68	1204.86
2	TPL – G (SUGEN)	1988.95	2054.49
3	GUVNL / Bilateral	374.50+14.18	313.06
4	Power Exchange	76.32	295.27
5	RPO	211.96	35.91*
6	REC	-	119.31
7	Total	3804.59	4022.90

* Includes the adjustments on account of wheeling and purchase of Electrical Component.



The consolidated cost of purchase of power for TPL-D for FY 2011-12 as per Audited Accounts of Ahmedabad and Surat distribution area is Rs. 4025 crores.

As shown above, the Commission approves total power purchase cost of Rs. 4022.90 crores for the procurement of total energy of 9565.81 MU for TPL-D. Hence, per unit power purchase cost works out to Rs. 4.205 / kWh. As the Commission has approved the energy requirement of Ahmedabad distribution area as 6302.97 MU, the power purchase cost for Ahmedabad distribution area is computed as Rs. 2650.71 crores.

The Commission approves the total power purchase cost at Rs. 2650.71 crore during FY 2011-12 for Truing up.

4.4 Renewable Power Purchase Obligation (RPPO)

Petitioner's submission

The TPL has submitted that it has made efforts to fulfil its RPPO. TPL-D sources renewable power as per Power Purchase Agreement signed with GPEC for 50 MW of wind power. It also procures surplus power from captive renewable consumers.

The renewable energy requirement and renewable energy (wind energy) sources for purchase of power for FY 2011-12 are as under.

Table 4.8: Renewable Power Purchase obligation for Ahmedabad supply Area for FY 2011-12

(MU)		
SI.No.	Particulars	Quantity
1	Energy Requirement	6302.97
2	RE Procurement	-
3	Wind energy to be provided (at 5%)	315.15
4	Solar energy to be provided (0.5%)	31.52
5	Biomass energy to be provided (at 0.5%)	31.52
6	Total (6%)	378.19
Compliance (wind energy)		
7	Wind	58.52
8	Non solar REC	288.59
9	Compliance (wind energy) (7+8)	347.11
10	Compliance (as a % of Energy Requirement)	5.51
11	Shortfall (6-9)	31.08



The Petitioner's has submitted that renewable energy from solar and Biomass / Bagasse based sources was not available during the year. Further, it has not received any encouraging response from the RE developers despite release of expression of interest in the Newspapers. Thus TPL-D has purchased the REC to fulfil its obligation.

It is further submitted that the Commission in its order dated 17th August, 2012 in suo motu petition No. 1219/2012, was pleased to waive the short fall of FY 2010-11 and carry forward the short fall of FY 2011-12 to FY 2012-13.

Commission's Analysis

In order of suo motu petition no. 1219/2012, the Commission carry forwarded the shortfall of RPPO during FY 2011-12 to FY 2012-13.

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

Petitioner's Submission:

TPL has computed the gain due to reduction in distribution loss for Ahmedabad area at Rs. 29.80 crore as given in the Petition on account of reduction in distribution losses.

Commission's Analysis:

The Commission has approved distribution loss at 8.50% in the MYT order whereas the TPL has claimed the actual distribution loss at 7.53% for FY 2011-12.

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

Particulars		Gains Calculation
Energy sales	A	5721.29
MYT approved distribution loss	B	8.5%
Energy requirement at distribution level as per MYT approved loss	$C=A/(1-B)$	6252.78
Energy requirement at distribution level with actual distribution loss	D	6187.26
Reduction in energy requirement	$E=C-D$	65.52

(MU)

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:



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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	65.52
Average power purchase cost (Rs./Kwh)	B	4.205
Gain due to improvement in distribution loss (Rs. crore)	C=AXB	27.55

The total power purchase cost and gain/(losses) considered in the truing up for FY 2011-12 are summarized in the Table below:

Table 4.11: Power Purchase cost and gain/(loss) approved in Truing up for FY 2011-12

Particulars	As per MYT Order for FY 2011-12	Approved in Truing up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Power Purchase Cost	2257.84	2650.71	(392.87)	27.55	(420.42)

4.6 Fixed Charges

4.6.1 Operations and Maintenance (O&M) expenses

TPL has claimed Rs. 217.71 crore on O&M expenses consisting of Rs. 80.20 crore on employee cost, Rs. 80.00 crore on R&M expense, Rs. 57.52 crore on A&G expense against Rs. 186.51 crore of composite O&M expenses approved for FY 2011-12 in the MYT order.

Petitioner's submission

TPL has submitted that the approved O&M expenses have been arrived at considering the escalation factor of 4% over the actual normalized O&M expenses of three years FY 2007-08, 2008-09 and FY 2009-10, while the actual weighted average inflation rate is 7.54%, 9.96% and 8.66% for FY 2009-10, FY 2010-11 and FY 2011-12 respectively. TPL has submitted the variation in O&M expenses is primarily on account of impacts of change in law and the higher rate of inflation coupled with the business growth.



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TPL has submitted that actual employee cost of Ahmedabad supply area has exceeded the approved values due to (i) increase in base level employee cost on account of wage revision carried out under section 12 (3) of the industrial Dispute Act 1947 and (ii) Transfer of man power from TPL–G (APP) to TPL–D (A). TPL has claimed that the variation of Rs. 11.57 crore in employee cost is on account of uncontrollable factor.

TPL has further submitted that variation in R&M and A&G expenses is primarily on account of actual higher rate of inflation compared to the inflation rate of 4% considered for three years to arrive at the approved expenses. TPL has claimed that the increase of Rs. 12.23 crore in A&G expenses is on account of uncontrollable factors and submitted that the variation in O&M expenses needs to true up in accordance with the MYT Regulations.

TPL has claimed a sum of Rs. 217.71 crore towards actual O&M expenses in the truing up for FY 2011-12 as shown in table below:

**Table 4.12: O&M expenses of TPL-D (A) claimed for FY 2011-12
(Rs. crore)**

Sl. No.	Particulars	Actual claimed in Truing-up for FY 2011-12
1	Employee Cost	80.20
2	R&M Expense	80.00
3	A&G Expense	57.52
4	Total O&M Expense	217.71

Commission's Analysis

The Commission had approved the O&M expenses at 186.51 crore as a composite expense for FY 2011-12 in the MYT order dated 6th September 2011. But TPL has split the O&M expenses component wise viz. Employee cost, R&M expenses and A&G expense. Further, TPL also claimed part variation in O&M expenses as uncontrollable. However, in view of the Regulations 23.2 (h) of GERC (MYT) Regulations, 2011, the Commission considers the entire variation in O&M expenses as controllable. The O&M expenses claimed by TPL are verified with segregated annual accounts.

The Commission, accordingly, approves the O&M expenses at Rs.217.71 crore as claimed by the petitioner for truing up for FY 2011-12.



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The O&M expenses and the Gains / Losses approved in the truing up for FY 2011-12 are given in the Table below:

Table 4.13: O&M expenses and Gains / (Losses) approved in truing up for FY 2011-12
(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing –up for FY 2011-12	Deviation + / (-)	Gains / (losses) due to Controllable factor	Gains / (losses) due to uncontrollable factor
1	O&M Expense	186.51	217.71	(31.20)	(31.20)	-

4.6.2 Capital expenditure, Capitalization and Sources of Funding

The TPL has furnished the actual capital expenditure at Rs. 259.91 crore in the truing up for FY 2011-12 as against Rs. 826.57 crore approved in the MYT order for FY 2011-12 as detailed in the table below:

Table 4.14: Capital expenditure claimed by TPL-D, Ahmedabad for FY 2011-12
(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	EHV	308.51	77.85
2	HT Network	83.62	89.92
3	LT Network	37.32	61.86
4	Metering	20.91	16.73
5	Safety	352.25	-
6	Special Projects and related	6.97	4.89
7	IT	5.81	7.18
8	Admin & Others expenditure	11.18	1.47
9	Total	826.57	259.91

Petitioner's submission

Capital Expenditure and Capitalization

Capital Expenditure

TPL has submitted that the capital expenditure incurred in Ahmedabad Supply Area was lower than the approved value i.e. actual expenditure of Rs. 259.91 crore as against Rs. 826.57 crore approved in the MYT order for FY 2011-12. The TPL has indicated the major variances in the actual expenditure against the approval as detailed below:

- a). EHV - The Commission in its order in Case No. 1092/2011 has approved capital expenditure pertaining for EHV Network of Rs. 308.51 crore. However,



the actual expenditure is lower due to delay in approval of open access for bulk supply points by the Central Transmission Utility. Accordingly associated expenditure of EHV transmission, EHV substation has also been deferred.

- b). HT - The Commission has approved the capital expenditure of Rs. 83.62 crore for HT network. In this regard, TPL has incurred the expenditure of Rs. 89.92 crore. The variation is on account of higher number of replacement of old switchgears than anticipated.
- c). LT - The Commission had approved the capital expenditure of Rs. 37.32 crore for LT network. However, the actual expenditure is Rs. 61.86 crore due to increase in new connections and extension of load requirement. Further TPL-D has also incurred higher expenditure for load balancing and load management.
- d). Metering - The Commission has approved capital expenditure pertaining to Metering of Rs. 20.91 crore. However, the actual expenditure is lower due to lower than anticipated requirement of meters due to implementation of single meter single premises concept.
- e). Safety - The Commission issued the MYT order in September, 2011, wherein it had directed the Petitioner to submit the revised safety plan by spreading total safety Capex plan beyond the control period. The Petitioner has submitted the revised safety plan for kind consideration of the Commission. Accordingly, the same was not incurred during the year.
- f). Others – The Capex incurred for Special Projects is lower due to deferment of part of GIS project. The higher Capex incurred in Customer Care & IT is owing to the carry forward from past years. Further, the Capex planned for Administrative and others including civil work has been deferred and will be carried out subsequently.

Capitalization

The TPL has claimed a sum of Rs. 270.78 crore towards capitalization against the actual capital expenditure of Rs. 259.91 crore.



Commission's Analysis

Capital Expenditure and Capitalization

The net addition of assets during FY 2011-12 is Rs. 257.53 crore as verified from the segregated audited accounts of TPL-Ahmedabad for the FY 2011-12.

The Commission observed that the petitioner has capitalized a lower amount as against that considered by the Commission in the MYT order for FY 2011-12. The Commission also noticed that the actual capitalization claimed by the TPL in previous years were also lower than that approved by the Commission in the original Tariff orders as can be seen in the table given below:

Table 4.15: Capitalization claimed by TPL-D, Ahmedabad in previous years
(Rs. crore)

Sl. No.	Year	Approved in MYT order	Actual claimed in Truing-up
1	FY 2008-09	505.00	262.00
2	FY 2009-10	401.00	213.00
3	FY 2010-11	361.44	258.54
4	FY 2011-12	474.32	270.78

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.

The Commission approves the net capitalization at Rs. 257.53 crore in the truing up for FY 2011-12 as given in the Table below:

Table 4.16: Approved capitalization and sources of funding for FY 2011-12
(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing –up for FY 2011-12
1	Capital Expenditure	826.57	259.91
2	Capitalization during the year	474.32	257.53
3	Less: SLC	49.48	67.31
4	Balance capitalization	424.84	190.22
5	Normative Debt @ 70%	297.39	133.15
6	Normative Equity @ 30%	127.45	57.07



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4.6.3 Interest expenses

The TPL has claimed a sum of Rs. 64.81 crore towards actual interest expenses in the truing up for FY 2011-12 as detailed in the table below against Rs. 70.57 crore approved in the MYT Order for FY 2011-12.

Table 4.17: Interest claimed in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars Existing Loans	Amount
1	APDRP	
	Opening Balance	32.51
	Repayments	2.26
	Closing Balance	30.25
	Interest rate	9.00%
	Interest Expense	2.83
2	HDFC 2A	
	Opening Balance	25.00
	Repayments	7.69
	Closing Balance	17.31
	Interest rate	12.50%
	Interest Expense	2.58
3	HDFC 3A	
	Opening Balance	66.67
	Repayments	16.67
	Closing Balance	50.00
	Interest rate	11.50%
	Interest Expense	6.63
4	SBI	
	Opening Balance	123.20
	Repayments	35.20
	Closing Balance	88.00
	Interest rate	12.50%
	Interest Expense	13.46
5	LIC	
	Opening Balance	40.41
	Repayments	5.21
	Closing Balance	35.20
	Interest rate	11.00%
	Interest Expense	4.20
6	BOB	
	Opening Balance	146.32
	Repayments	16.72
	Closing Balance	129.60
	Interest rate	12.25%
	Interest Expense	17.89
7	BOB -1	
	Opening Balance	52.50
	Repayments	6.00
	Closing Balance	46.50
	Interest rate	12.25%
	Interest Expense	6.42



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Sl. No.	Particulars Existing Loans	Amount
8	IDFC	
	Opening Balance	30.78
	Repayments	4.29
	Closing Balance	26.48
	Interest rate	9.92%
	Interest Expense	2.84
9	Loans drawn in FY 2011-12	
	Capitalization during the year	270.78
	Less: SLC additions	67.31
	Normative Debt @ 70%	142.43
	Opening balance	-
	New borrowings	142.43
	Repayments	3.89
	Closing balance	138.55
	Interest Rate	11.48%
	Interest Expense	7.95
	Total interest on loans	64.81

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 2011-12. The TPL has further submitted that the actual loan schedule for FY 2011-12 and the corresponding interest expenses are uncontrollable, since they are dependent on the actual capital expenditure.

The petitioner has further submitted that the GERC MYT Regulations, 2011 provide for calculation of interest expenses on normative basis considering the amount of depreciation of assets created as the amount of repayment. It may kindly be noted that for the green field project having only one time capitalization, separate data of depreciation can be maintained and correlated for the normative interest calculation. However, in case of utilities having existing asset blocks which have been created for a period of time and addition of assets is of recurring nature, there is an operational difficulty in maintaining and calculating the repayment of loans on normative basis and in turn, it creates difficulty in calculating the interest expense on normative basis.

The Petitioner has therefore considered the interest expenses for the existing loans availed for the earlier capitalization at actual interest expenses. For the capitalization carried out during the FY 2011-12, the Petitioner has calculated the interest expenses by applying the opening wt. Avg. Rate of interest on the eligible additional



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loan component while repayment has been considered equal to the depreciation for the year.

Commission's Analysis

The existing loans outstanding as on 01/04/2011 and the details of repayment and interest charges on these loans given in Form D-3 (TPL-D Ahmedabad Licensee Area) are verified and found to be correct.

The additional loan is of Rs. 133.15 crore, in accordance with the requirements of capitalization and source of funding as approved in Table 4.16 above.

The MYT Regulations, 2011 provide for computation of interest on loan on normative basis, based on the opening balance of loan brought forward from previous year's closing balance and the capitalization and approved funding thereon. The opening balance of loan for FY 2011-12 is brought forward from the closing balance of actual loan outstanding as on 31.03.2011. As per the GERC (MYT) Regulations, 2011, repayment of the loan is considered equal to the depreciation allowed and the rate of interest 12.01% is considered as the Wt. Avg. rate of interest calculated on the basis of actual loan portfolio at the beginning of the FY 2011-12. The Commission has recomputed the interest on loan for FY 2011-12 as detailed in the Table below:

Table 4.18: Interest approved by the Commission in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order
1	Opening Loan	512.43
2	New loan during the year	133.15
3	Repayment during the year	92.72
4	Closing loan	552.86
5	Average loan	532.65
6	Rate of interest	12.01%
7	Interest	63.97
8	Other borrowing costs	-
9	Total interest and finance charges	63.97

The Commission, accordingly, approves the interest and finance charges at Rs. 63.97 crore in the truing up for FY 2011-12.

With regard to the computation of Gains / Losses, the Regulation 23.2 considers variation in capitalization on account of time and/or cost overruns / efficiencies in the implementation of capital expenditure project, not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a



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controllable factor. If the gain is on account of lesser capital expenditure and capitalization, it cannot be attributed to the efficiency of the utility to allow 2/3rds of gain to the utility. Similarly if the loss is on account of more capital expenditure and capitalization due to bonafide reasons, the utility cannot be penalised by allowing only 1/3rd of the loss in the ARR. Accordingly, the Commission decides to consider variation in capitalization as uncontrollable. Hence, the components of ARR related to capitalization, like interest and finance charges, depreciation and return on equity are considered as uncontrollable.

The Commission, accordingly, approves the Gains / Losses on account of interest and finance charges in the truing up for FY 2011-12 as detailed in the table below:

Table 4.19: Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)						
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Interest on Loans	70.57	63.97	6.60	-	6.60

4.6.4 Interest on security deposit

The TPL has claimed a sum of Rs. 13.24 crore towards interest on security deposit in the truing up for FY 2011-12 against Rs. 13.04 crore approved in the MYT Order for FY 2011-12 as detailed in the table below:

Table 4.20: Interest on security deposit claimed for TPL-D, Ahmedabad for FY 2011-12

(Rs. crore)			
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Interest Rate	6%	6%
2	Interest on Security Deposit	13.04	13.24

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 MYT order as actual security deposit during FY 2011-12 is higher than the estimates. TPL has further submitted that the variation in interest on security deposit is uncontrollable.



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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. 13.23 crore.

The Commission, accordingly, approves the interest on security deposit at Rs. 13.23 crore in the truing up for FY 2011-12.

The deviation of Rs. 0.19 crore is considered to be a loss on account of uncontrollable factor as detailed in the table below:

Table 4.21: Approved Gains / (Losses) due to interest paid on security deposit in the truing up for FY 2011-12

(Rs. crore)						
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Interest on Security Deposit	13.04	13.23	(0.19)	-	(0.19)

4.6.5 Interest on working capital

The TPL has claimed a sum of Rs. 13.64 crore towards interest on working capital as against Rs. 6.95 crore approved in the MYT Order for FY 2011-12 as detailed in the table below:

Table 4.22: Interest on working capital claimed by for TPL-D Ahmedabad for FY 2011-12

(Rs. crore)			
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	O&M expenses for 1 month	15.54	18.14
2	1% of GFA for Maintenance spares	23.52	25.72
3	Receivables for 1 month	226.42	258.10
4	Less: Security Deposit	(206.32)	(209.47)
5	Normative Working Capital	59.16	92.49
6	Interest Rate	11.75%	14.75%
7	Interest on working Capital	6.95	13.64

Petitioner’s submission

The TPL has submitted that the interest on working capital is computed @ 14.75% in accordance with the GERC MYT Regulations, 2011. The Interest on Working capital



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has increased on account of variation in the working capital requirement and the interest rate.

Commission's Analysis

The Commission has examined the interest on working capital claimed by TPL for FY 2011-12. The Commission has observed that TPL has worked out the interest on working capital considering 14.75% the SBAR as on 01.04.2012. The Regulation 41.2 (b) specifies that interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the financial year in which the petition is filed. TPL has submitted with reference to a query from the Commission that being Truing up petition for FY 2011-12 the same is calculated as per the MYT Regulations, 2011. The Commission had taken into consideration the rate of Interest at 11.75% prevailing at the time the MYT Petition was filed. The Commission does not see any justification in TPL claiming the rate of 14.75% prevailing as on 01.04.2012 in Truing up for FY 2011-12. The Commission decides to consider the rate (SBAR) prevailing as on 1st April of the financial year for which Truing up is being done. The SBAR as on 1st April, 2011 is 13%. The Commission, accordingly, takes into consideration the SBAR of 13% in computation of Interest in Working Capital for FY 2011-12.

In computation of working capital, TPL has reduced the working capital by opening balance of security deposit of Rs. 209.47 crores for FY 2011-12. While the Commission has reduced the working capital by considering average security deposit of Rs. 227.16 crores for FY 2011-12.

The Commission has computed the Working Capital and interest thereon, as detailed in Table below:

Table 4.23: Interest on working capital approved for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Actual claimed in Truing up for FY 2011-12	Approved in Truing-up for FY 2011-12
1	O&M expenses for 1 month	18.14	18.14
2	1% of GFA for Maintenance spares	25.72	25.72
3	Receivables for 1 month	258.10	258.10
4	Less: Security Deposit (Avg.)	(209.47)	(227.76)
5	Normative Working Capital	92.49	74.20
6	Interest Rate	14.75%	13%
7	Interest on working Capital	13.64	9.64



The Commission, accordingly, approves the interest on working capital at Rs. 9.64 crore in the truing up for FY 2011-12 as detailed in the above table.

The deviation is Rs. 2.69 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 Gains / Losses on account of interest on working capital in the truing up for FY 2011-12 as detailed in the table below:

Table 4.24: Interest on working capital approved for FY 2011-12

(Rs. crore)						
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Interest on Working Capital	6.95	9.64	(2.69)	-	(2.69)

4.6.6 Depreciation

The TPL has claimed a sum of Rs. 92.72 crore towards depreciation in the truing up for FY 2011-12 against Rs. 106.41 crore approved in the MYT Order for FY 2011-12 as detailed in the table below:

Table 4.25: Depreciation claimed by TPL-D Ahmedabad for FY 2011-12

(Rs. crore)			
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing-up for FY 2011-12
1	Depreciation	106.41	92.72

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 2009-10 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 2011-12 by applying CERC depreciation rates, asset classification-wise. The details of opening balance of assets as on 1st April, 2011, addition and deduction to the Gross Block during FY 2011-12 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 2011-12 for computation of depreciation.

The Commission, accordingly, approves the depreciation at Rs. 92.72 crore in the truing up for FY 2011-12.

As noted in para 4.6.3 above, the Commission is of the view that depreciation should be treated as uncontrollable. The Commission, accordingly, approves the Gain / Losses on account of depreciation in the Truing up for FY 2011-12, as detailed in Table below:

Table 4.26: Depreciation and Gains / (Losses) due to depreciation approved in the truing up for FY 2011-12

(Rs. crore)						
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Depreciation	106.41	92.72	13.69	-	13.69

4.6.7 Return on equity

The TPL has claimed a sum of Rs. 138.16 crore towards return on equity @ 14% in the truing up for FY 2011-12 as against Rs. 146.93 crore approved in the MYT Order for FY 2011-12 as detailed in the table below:

Table 4.27: Return on equity claimed for TPL-D Ahmedabad for FY 2011-12

(Rs. crore)			
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing–up for FY 2011-12
1	Opening equity	985.75	958.32
2	Equity addition during the year	127.45	57.07
3	Closing equity during the year	1113.20	1015.38
4	Return on equity	146.93	138.16



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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 2011-12.

Commission’s Analysis

The opening equity for FY 2011-12 is as per the closing equity for FY 2010-11 approved in the True Up for FY 2010-11. TPL has followed the same methodology while computing the Return on Equity for FY 2011-12.

The Commission, accordingly, approves the return on equity at Rs. 138.16 crore in the truing up for FY 2011-12 as given in the table below:

Table 4.28: Return on equity approved for TPL-D Ahmedabad for FY 2011-12
(Rs. crore)

Sl. No.	Particulars	Actual claimed in Truing –up for FY 2011-12	Approved in Truing for FY 2011-12
1	Opening equity	958.32	958.32
2	Equity addition during the year	57.06	57.07
3	Closing equity during the year	1015.38	1015.39
4	Average Equity	986.85	986.86
5	Return on Equity @ 14%	138.16	138.16

As noted in para 4.6.3 above, the Commission is of the view that the Return on Equity should be treated as uncontrollable. The Commission, accordingly, approves the Gain / Losses on account of return on equity in the Truing up for FY 2011-12, as detailed in Table below:

The Commission, accordingly, approves the Gains / Losses on account of return on equity in the truing up for FY 2011-12 as detailed below:

Table 4.29: Return on equity and Gains / (Losses) approved in the truing up for FY 2011-12

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Return on Equity	146.93	138.16	8.77	-	8.77



4.6.8 Income Tax

The TPL has claimed a sum of Rs. 20.47 crore towards income tax in the truing up for FY 2011-12 as against Rs. 8.52 crore approved in the MYT Order for FY 2011-12 as detailed in the table below:

Table 4.30: Income Tax claimed for TPL-D Ahmedabad for FY 2011-12

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Income Tax	8.52	20.47

(Rs. crore)

Petitioner's submission

The TPL has revised the income tax by applying the MAT rate of 20.01% on the PBT as per audited accounts. TPL has also submitted to consider the variation in Income Tax as uncontrollable.

Commission's Analysis

The Commission has directed the TPL to furnish the details of segregation of income tax paid by TPL in respect of TPL Generation, TPL Distribution Ahmedabad supply area and Surat supply area duly certified by the Auditors along with copy of challans of income tax paid vide GERC letter no. 189 dated 21st January, 2013. TPL has submitted in its reply vide its letter dated 2nd February, 2013 that TPL being the single corporate entity, income tax is paid for the company as a whole. TPL has also submitted that it has computed the income tax by applying the MAT rate of 20.01% on the PBT as per the audited accounts and submitted the copy of challans of advance tax paid towards income tax. The advance tax paid for the entire TPL is Rs. 333.55 crore as verified from the challans for FY 2011-12.

The Commission verified the PBT figures with the segregated and audited accounts for FY 2011-12 and has found that the petitioner has shown a PBT of Rs. 102.30 crore. The Commission has computed the income tax for the petitioner based on the proportion of PBT. The income tax apportioned to the TPL Ahmedabad distribution is Rs. 20.32 crore for FY 2011-12.

The Commission, accordingly, approves the income tax at Rs. 20.32 crore in the truing up for FY 2011-12



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The Commission has treated the income tax as an uncontrollable expense and accordingly approved the Gains / Losses on account of income tax in the truing up for FY 2011-12 as detailed in the table below:

Table 4.31: Income tax and Gains / (Losses) due to income tax approved in the truing up for FY 2011-12

(Rs. crore)						
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Income Tax	8.52	20.32	(11.80)	-	(11.80)

4.6.9 Bad debt written off

TPL has claimed Rs. 1.96 crore towards bad debts written off in the truing up for FY 2011-12 against Rs. 1.09 crore approved in the MYT order for FY 2011-12 as detailed in the table below:

Table 4.32: Bad debts written off claimed for TPL-D Ahmedabad for FY 2011-12

(Rs. crore)			
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Bad Debts written off	1.09	1.96

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 (MYT) Regulations, 2011.

Commission's Analysis

The Commission has verified that the bad debts written off with reference to the segregated and audited annual accounts for FY 2011-12 and found to be correct.

The Commission, accordingly, approves the bad debts written off at Rs. 1.96 crore in the truing up for FY 2011-12.

The Commission assessed the deviation in bad debts written off at Rs. 0.87 crore as a loss and considered it as an uncontrollable item.



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The Commission, accordingly, approves the Gains / Losses on account of bad debts written off in the truing up for FY 2011-12 as detailed below:

Table 4.33: Bad debts written off and Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing-up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Bad Debts written off	1.09	1.96	(0.87)	-	(0.87)

4.6.10 Contingency Reserve

Petitioner's submission

TPL has proposed the contingency reserve at Rs. 0.60 crore in the truing up for FY 2011-12 which is the same as approved in the MYT order for FY 2011-12 as detailed in the table below:

Table 4.34: Contingency Reserve claimed for TPL-D Ahmedabad for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing-up for FY 2011-12
1	Contingency Reserve	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 2011-12 and also there is no deviation in the contingency reserve.

Table 4.35: Contingency reserve and Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing-up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Contingency Reserve	0.60	0.60	-	-	-



4.6.11 Prompt payment rebate

The Commission had approved an amount of Rs. 27.17 crore towards Prompt Payment Rebate for FY 2011-12 in the MYT order. The actual as per audited annual accounts is Rs. 38.65 crore. TPL has excluded the Prompt Payment Rebate from the approved ARR as well as Revenue. Hence, the Commission approves the actual Prompt Payment Rebate of Rs. 38.65 crore as per annual accounts and considers the revenue without excluding the Prompt Payment Rebate.

The variance of Rs. 11.28 crore is allowed as deviation due to uncontrollable factor as detailed below:

Table 4.36: Prompt Payment Rebate and Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)						
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Prompt Payment Rebate	27.17	38.65	(11.48)	-	(11.48)

4.6.12 Non-Tariff income

The TPL has furnished the non-tariff income at Rs. 71.11 crore in the truing up for FY 2011-12 against Rs. 51.70 crore approved in the MYT order for FY 2011-12 as detailed in the table below:

Table 4.37: Non-Tariff income claimed for TPL-D Ahmedabad for FY 2011-12

(Rs. crore)			
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Non-Tariff Income	51.70	71.11

Petitioner's submission

The Petitioner has submitted that the actual non-tariff income for FY 2011-12 is Rs. 71.11 crore, which is an uncontrollable item. TPL has submitted that the Commission has not considered the provision of Rs. 7.86 crore made towards the Service Tax as per para 4.6.2.1 (iii) of MYT Order dated 6th September, 2011 in case no 1092 of



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2011. TPL has reduced the non-tariff income by Rs. 7.86 crore pertaining to Service Tax provision written back during FY 2011-12 and the actual non-tariff income is claimed at Rs. 71.11 crore.

Commission's Analysis

The Commission has verified the non-tariff income with the segregated and audited accounts for FY 2011-12 and found it to be Rs. 78.98 crore. The Commission did not consider the provision towards service tax of Rs. 7.86 crore indicated in schedule 8 of the annual accounts for FY 2009-10 in the Truing-up for FY 2009-10 under para 4.2.6 (iii) of MYT Order dated 6th September, 2011. With reference to a query from the Commission, TPL has submitted that as the amount was not considered as expenditure earlier the income due to provision written back cannot be part of the non-tariff income vide its letter dated 2nd February, 2013. Since this provision of Rs. 7.86 crore is written back in FY 2011-12 and included as income in the non-tariff income, TPL has reduced the non-tariff income by Rs. 7.86 crore and claimed Rs. 71.11 crore in the Truing-up for FY 2011-12. The actual non-tariff works out to Rs. 71.12 (78.98 – 7.86) crore.

The Commission, accordingly, approves the non-tariff income at Rs. 71.12 crore in the truing up for FY 2011-12.

The deviation in non-tariff income at Rs. 19.42 crore is assessed as a Gain 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 2011-12 as detailed below:

Table 4.38: Non-tariff income and Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)						
Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/-	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Non-Tariff Income	51.70	71.12	19.42	-	19.42



4.6.13 Revenue from sale of power

Petitioner's submission

The TPL has furnished the revenue from sale of power at Rs.3097.21 crore in the truing up for FY 2011-12 against Rs. 2716.99 crore approved in the MYT order for FY 2011-12 as detailed in the Table below:

Table 4.39: Revenue with existing tariff claimed for TPL-D Ahmedabad for FY 2011-12
(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Revenue from existing tariff	2716.99	3097.21

Commission's Analysis

The Commission has found that there is a difference of Rs. 38.65 crore in the figure of revenue earned from the sale of power for FY 2011-12 between segregated and audited annual accounts (Rs. 3135.86 crore) and as shown in the true-up petition (Rs. 3097.21 crore). The Commission directed the petitioner to reconcile the revenue from sale of power vide letter dated 21st January, 2013. TPL in its reply vide letter dated 2nd February, 2013 clarified that the difference of Rs. 38.65 crore was due to accounting treatment of prompt payment rebate (PPR) as shown in the table below:

Table 4.40: Revenue from sale of power claimed by TPL for FY 2011-12
(Rs. crore)

Sl. No.	Particulars	For the year ended 31 st March, 2012
1	Revenue from power supply as per audited Profit & Loss Account	3135.86
2	Less: Prompt Payment Discount	38.65
3	Total	3097.21

The Commission has taken into consideration the Prompt Payment Rebate in ARR for FY 2011-12 in the MYT order. The Commission therefore considers the gross revenue of Rs. 3135.86 crore as per the segregated audited annual accounts.

4.6.14 Gains / Losses under truing up for FY 2011-12

The Commission has reviewed the performance of TPL-D Ahmedabad Supply Area under Regulation 22 of MYT Regulations, 2011, with reference to segregated and audited annual accounts for FY 2011-12. The Commission has computed the Gains /



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Losses for FY 2011-12 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 6th September, 2011 and the actuals claimed in truing up, approved for truing up, Gains / Losses computed in accordance with the MYT Regulations, 2011 are as given in the Table below:

Table 4.41: ARR approved in respect of TPL-D Ahmedabad in the truing up or FY 2011-12

(Rs. crore)

Sl. No.	Annual Revenue Requirement	Approved for FY 2011-12 in MYT order	Claimed in Truing-up for FY 2011-12	Approved in Truing up for FY 2011-12	Deviation +/-	Gains/ (Losses) due to controllable factors	Gains/ (Losses) due to uncontrollable factors
1	2	3	4	5	6=(3-5)	7	8
1	Power purchase Cost	2257.84	2676.35	2650.71	(392.87)	27.55	(420.42)
2	Operation and Maintenance expenses	186.51	217.72	217.71	(31.20)	(31.20)	
3	Depreciation	106.41	92.72	92.72	13.69		13.69
4	Interest on Loans	70.57	64.81	63.97	6.60		6.60
5	Interest on working capital	6.95	13.64	9.64	(2.69)		(2.69)
6	Interest on Security Deposit	13.04	13.24	13.23	(0.19)		(0.19)
7	Bad debts written off	1.09	1.96	1.96	(0.87)		(0.87)
8	Contingency Reserve	0.60	0.60	0.60	0.00		
9	Prompt Payment Rebate	27.17		38.65	(11.48)		(11.48)
10	Return on equity	146.93	138.16	138.16	8.77		8.77
11	Income Tax	8.52	20.47	20.32	(11.80)		(11.80)
12	Total expenditure	2825.63	3239.67	3247.67	(422.04)	(3.65)	(418.39)
13	Less: Non-Tariff income	51.7	71.11	71.12	(19.42)		(19.42)
14	Aggregate Revenue Requirement	2773.93	3168.56	3176.55	(402.62)	(3.65)	(398.97)



4.6.15 Sharing of Gains / Losses for FY 2011-12

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

The relevant Regulations are extracted below:

Regulation 24. Mechanism for pass-through of gains or losses on account of uncontrollable factors

24.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the Tariff of the Generating Company or Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

24.2 The Generating Company, or Transmission Licensee or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and figures approved by the Commission, in the prescribed format to the Commission, along with detailed computations and supporting documents as may be required for verification by the Commission.

24.3 Nothing contained in this Regulation 24 shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase which shall be dealt with as specified by the Commission from time to time.

Regulation 25. Mechanism for sharing of gains or losses on account of controllable factors

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

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 22.6;



The balance amount, which will amount to two-thirds of such gain, may be utilised at the discretion of the Generating Company or Transmission Licensee or Distribution Licensee.

25.2 The approved aggregate loss to the Generating Company or Transmission Licensee or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:

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 22.6; and

The balance amount, which will amount to two-thirds of such loss, shall be absorbed by the Generating Company or Transmission Licensee or Distribution Licensee.”

The loss on account of controllable factors is arrived at Rs. 3.65 crore for FY 2011-12. Out of this one-third gain of Rs. 1.22 crore is to be passed on to the consumers and two-third gain of Rs. 2.43 crore may be utilized by the TPL. The entire loss of Rs. 398.97 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 ARR approved in the MYT order dated 6th September, 2011 is summarized in Table below:

Table 4.42: Revised ARR approved for TPL-D Ahmedabad for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	FY 2011-12
1	ARR approved in the MYT order for FY 2011-12	2773.93
2	Add: Loss on account of controllable factor to be passed on to the consumers (1/3 rd)	(1.22)
3	Add: Loss on account of uncontrollable factor to be passed on to consumers	(398.97)
4	Revised ARR for FY 2011-12	3174.12

The following table summarizes the revenue gap for Ahmedabad supply area for FY 2011-12.



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Table 4.43: Revenue gap for TPL-D Ahmedabad for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing-up for FY 2011-12	Approved in Truing up for FY 2011-12
	Ahmedabad Supply Area			
1	Net Annual Revenue Requirement	2746.74	3183.48	3174.12
2	Revenue from sale of power	2716.99	3097.21	3135.86
3	Gap/(Surplus)	29.77	86.27	38.26
4	Carrying cost @ 11% considered for Gap / (surplus) till 31 st March, 2013		18.02	0
5	Total Gap / (Surplus) for earlier periods as per GERC (From FY 2007-08 to FY 2009-10)		68.90	68.90
6	Total Carrying cost @ 11% till 31 st March, 2013		24.03	0
7	Total Revenue Gap / (Surplus) estimated for FY 2011-12 (3+4+5+6)		197.22	107.16

The TPL has depicted a revenue gap of Rs.197.22 crore in the truing up for FY 2011-12 as shown in Table 4.43 above. This includes Rs. 68.90 crore towards revenue gap of earlier years and Rs. 42.05 (24.03+18.02) crore towards carrying cost thereon.

The Commission does not consider the carrying cost claimed for TPL as there is no such provision in MYT Regulations.

In the MYT Order dated 6th September, 2011, the Commission considered the gap of TPL Ahmedabad distribution area at Rs. 125.84 crore and of Surat distribution area at Rs. 38.74 crore. Against the consolidated gap of Rs. 164.58 crore, the Commission had revised the tariffs for FY 2011-12 to get additional revenue of Rs. 166.99 crore on an annualized basis.

It is observed that the actual gap of Rs. 38.26 crore for the TPL Ahmedabad distribution area for FY 2011-12 is due to delay of about 3 months in filing of the tariff petition for FY 2011-12 by the licensee and consequently late implementation of the revised tariff.

The Commission observes that the Distribution Licensee is not punctual in filing the tariff petition within the stipulated time. Further, various consumer organizations also



repeatedly represented during the course of hearings that the consumers should not be burdened on account of default by the Distribution Licensee.

Para 8.1.7 of the Tariff Policy provides that,

“..... It is desirable that requisite tariff changes come into effect from the date of commencement of each financial year and any gap on account of delay in filing should be on account of licensee.”

In view of the above, although the Commission had condoned the delay in filing the tariff petition and considered the same for determining the tariff, the Commission decides in this truing up exercise that the consumers should not be burdened due to default by the Distribution Licensee. Condonation of delay is to consider the petition on merit instead of rejecting it straight away. But it does not imply acceptance of revenue gap due to delayed filing of the tariff petition.

Accordingly, the Commission decides that the gap of Rs. 38.26 crore for FY 2011-12, which is due to delay in filing the tariff petition and late implementation of revised tariff in the FY 2011-12, should not be carried forward as proposed by the licensee for determination of tariff for FY 2013-14.



5. Aggregate Revenue Requirement for FY 2013-14

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus for the FY 2013-14 for TPL- Ahmedabad area. TPL has submitted revised estimates of ARR for FY 2013-14 and requested to (i) Consider the revised estimate of ARR, (ii) Allow variations in terms of performance parameters and expenses during the truing-up exercise. With reference to a query from the Commission to clarify under what provisions the revised ARR is proposed for FY 2013-14, TPL has submitted that the Commission has powers under Regulations 7.2 read with Regulation 12 of the MYT Regulations, 2011 to consider the revised estimates.

The Commission is of the view that the existing GERC (MYT) regulations 2011 do not provide for any revision of ARR approved for the MYT period and the circumstances do not warrant any special relaxation when the ARR approved for each year of the MYT period is subject to truing up based on audited annual accounts.

The Commission has considered the ARR approved in the MYT order dated 6th September, 2011 for FY 2013-14 and the adjustment on account of true up for FY 2011-12 while determining the revenue gap/surplus and tariff for FY 2013-14.

5.2 Approved ARR for FY 2013-14

Based on the above approach, Table below summarizes the Annual Revenue Requirement as approved by the Commission for the FY 2013-14 in the MYT Order dated 6th September, 2011. Detailed analysis of each expense head has already been provided in the MYT Order.



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Table 5.1: Approved ARR for FY 2013-14

Sl. No.	Particulars	(Rs. crore) FY 2013-14
1	Power Purchase Cost	2849.99
2	O & M Expenses	208.46
3	Depreciation	173.10
4	Interest on Loan	130.95
5	Interest on security deposit	15.95
6	Interest on Working Capital	7.77
7	Return on Equity	198.30
8	Income Tax	8.52
9	Bad Debts	1.09
10	Contingency Reserve	0.60
11	Prompt payment rebate	31.64
12	Less: Non-tariff Income	54.84
13	Net ARR	3571.53

5.3 Proposed revenue gap/surplus for FY 2013-14

The petitioner has submitted that the ARR for FY 2013-14 is Rs. 3539.88 Crore and the revenue from sale of power is Rs. 3324.28 Crore. The petitioner has estimated revenue of Rs. 3324.28 crore for FY 2013-14 based on the existing tariff including base FPPPA of Rs. 0.70 per unit. The petitioner has considered the approved sales for FY 2013-14 and has applied the existing tariff while computing the revenue for the FY 2013-14. The petitioner has estimated a revenue gap of Rs. 215.61 crore for the FY 2013-14. The revenue gap estimated for FY 2013-14 is shown below:

Table 5.2: Proposed Revenue gap / surplus for FY 2013-14 determined by the TPL

Sl. No	Particulars	(Rs. Crore) FY 2013-14
1	Approved ARR	3539.88
2	Less: Revenue from sale of power at existing Tariff rates including FPPPA @ 0.70 per unit	3324.28
3	Net gap / (surplus) for FY 2013-14	215.61
4	Gap / (Surplus) considered for FY 2011-12	86.27
5	Carrying cost @ 11% considered for Gap / (surplus) till 31 st March, 2013	18.02
6	Total Gap / (Surplus) for earlier periods as per GERC (From FY 2007-08 to FY 2009-10)	68.90
7	Total Carrying cost @11% till 31 st March 2013	24.03
8	Cumulative gap / (surplus) for determination of Tariff for FY 2013-14	412.82



Commission’s Analysis

The petitioner has considered the total sales as approved in the MYT order. TPL however, has taken into consideration the revenue of Rs. 3324.28 crore after excluding the prompt payment rebate (PPR) in the revenue computation. TPL has excluded Rs. 31.64 crore of PPR from the ARR approved in the MYT order. The Commission considers the gross revenue of 3355.92 crore in the truing up for FY 2013-14. The estimated gap for FY 2013-14 is given in the Table below:

Table 5.3: Estimated Revenue gap of TPL- Ahmedabad for FY 2013-14

(Rs. crore)			
Sl. No.	Particulars	Projected by TPL	Estimated by the Commission
1	Net : Aggregate Revenue Requirement	3539.88*	3571.53
2	Revenue from sale of power at existing Tariff including FPPPA revenue @ 0.70 per unit	3324.28	3355.92
3	Net gap / (surplus) (1-2) for FY 2013-14	215.61	215.61

* The Revenue from sale of power is net of proposed prompt payment rebate.

5.4 Consolidated revenue gap for the TPL Distribution

As shown in Table no. 5.3 the Commission has estimated the total revenue gap of TPL Ahmedabad at Rs. 215.61 crore for the FY 2013-14. Similarly, the Commission has estimated the revenue surplus of TPL Surat area in Tariff Order in petition no. 1268/2012 at Rs. 9.26 crore for the FY 2013-14.

Table 5.4: Consolidated gap computed for FY 2013-14

Sl. No.	Particulars	TPL Ahmedabad	TPL Surat	Total
1	Total revenue gap / (surplus) for FY 2013-14	215.61	(9.26)	206.35

The consolidated gap of the TPL Distribution licensees for FY 2013-14 works out as Rs. 206.35 crore.

The MYT Regulations, 2011 provides that, ‘the licensee shall file its Petition for approval of truing up of previous year and tariff for ensuing financial year by 30th November of the current financial year’.

The Commission observes that the TPL Distribution licensees are not punctual in filing the tariff petition within the stipulated time. Further, various consumer



organizations also repeatedly represented during the course of hearings that the consumers should not be burdened on account of default by the TPL Distribution licensees.

Para 8.1.7 of the Tariff Policy provides that,

“..... It is desirable that requisite tariff changes come into effect from the date of commencement of each financial year and any gap on account of delay in filing should be on account of licensee.”

For this year also the TPL Distribution licensees have been late in filing the tariff petition by 30 days. The Commission extended the time period and condoned the delay in filing the tariff petition for the determination of tariff. Condonation of delay is to consider the petition on merit instead of rejecting it straight away. But it does not imply acceptance of revenue gap due to delayed filing of the tariff petition. Further, looking to the representations from various consumer organizations about burdening the consumers due to default by the TPL Distribution licensees, the Commission decides to consider only proportionate gap of the FY 2013-14 for determination of tariff. In other words, the estimated gap is reduced in proportion to the period of delay in filing the tariff petition.

Out of the total consolidated gap of TPL Distribution licensees of Rs. 206.35 crore for FY 2013-14, the Commission considers a consolidated gap of Rs. 189.39 crore and disallows the gap of Rs. 16.96 crore because of delay in filing the tariff petition by TPL Distribution licensees.

In addition to the above, the Commission considers the gap related to previous years i.e. FY 2007-08, 2008-09 and 2009-10 of Rs. 68.90 crore for the Ahmedabad Distribution area and Rs. 57.18 crore for the Surat Distribution area, totalling to Rs. 126.08 crore.

Accordingly, the Commission considers the total consolidated gap of Rs. 315.47 crore for TPL Distribution area for determination of tariff for FY 2013-14.



6. Compliance of Directives

6.1 Compliance of earlier Directives

The Commission, in its Tariff Order dated 2nd June 2012 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 Consumer Charter every year.

Compliance

TPL has complied with the directive.

Commission's comments

Action taken by TPL is noted.

Directive 2: Capital Expenditure

TPL shall submit detailed cost benefit analysis for the major schemes separately.

Compliance

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

Commission's comments

Action taken by TPL is noted.

Directive 3: Cost of Supply

TPL is directed to expedite the study of cost of supply for each consumer category and furnish the details by July 2012.



Compliance

TPL – D has submitted the cost of supply study in compliance to the directive.

Commission's Comments

Action taken by TPL is noted.

Directive 4: Voltage Fluctuations, Installations of Capacitors and Reactive Compensation

TPL – D should continue to conduct awareness programs in future also, in respect of Voltage Fluctuations, Installations of Capacitors and Reactive Compensation.

Compliance

TPL has made various efforts to create awareness amongst the consumers and briefed to the Commission.

Commission's Comments

Action taken by TPL is noted.

Directive 5: 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.

Compliance

TPL has submitted the reconciliation of units shown in the petition with annual audited accounts in compliance to the directive.

Commission's Comments

Action taken by TPL is noted.

6.2 New Directives

TPL shall explore the possibility of procuring renewable energy to meet RPO obligation by entering into agreements with developers in Gujarat or elsewhere instead of depending entirely on the purchase of REC, which will burden the consumer, without obtaining corresponding power for the cost paid in respect of REC.



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.

7.2 Revision of FPPPA formula

TPL's Submission:

TPL, in its petition has requested for revision of the FPPPA formula, since its power purchase arrangement has undergone significant changes due to uncontrollable factors, mainly on account of Gas supply allocation etc.

Commission's View:

The Commission has examined the request of TPL and it is considered that the formula already approved by the Commission covers both fuel price adjustment and power purchase adjustment components and could be applied to the extent required for fuel price adjustment or power purchase adjustment or both. There is no need to modify the formula.

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

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

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:

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

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.

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

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.

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



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

$$\text{S.E. (in MU)} = [(\text{Total Sales in MU} + \text{Excess T \& D loss in MU})]$$

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=

$$\{(\text{Net Generation in MU} + \text{Power Purchase in MU} - \text{Total sales in MU})\} - \\ \{(\text{Net Generation in MU} + \text{Power Purchase in MU}) \times (\% \text{T\& D loss Norm})\}$$

Where,

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

7.3 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 in Rs./MMBTU. The mix of the indigenous and imported coal for different stations is considered as approved in the tariff order for the FY 2013-14. 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 2013-14 are given below: In the case of cost of gas in Rs. /MMBTU as approved is given below:



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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/Ltr)	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	69:31	3385.00	5162.00	4532	9909	30092.00	-
3	E Station	69:31	3385.00	5162.00	4532	9909	30092.00	-
4	F Station	69:31	3385.00	5162.00	4532	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 the 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 2013-14.

7.4 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



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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 2013-14 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 2013-14 (as per MYT order)

Sl. No	Particulars	Capacity charges / Transmission cost (Rs. crore)	Variable charges (Rs/unit)
1	TPL – G (Sugen)	690.48	2.04
2	Transmission cost	117.61	-
3	Bilateral Power Purchase	-	4.35
4	Power Exchange Market	-	5.59
5	Purchase from renewable sources	-	-
	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 the approved formula.

The Commission had fixed base FPPPA charge 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 the 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 and 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 supply area for FY 2013-14

Sl. No.	Particulars	Wire business (%)	Retail Supply business (%)
1	Power purchase expenses	0	100
2	Employee expensed	60	40
3	Administrative and general expenses	50	50
4	Repair and maintenance expenses	90	10
5	Depreciation	90	10
6	Interest on long term loan capital	90	10
7	Interest on working capital and consumer security deposit	10	90
8	Bad debt written off	0	100
9	Income tax	90	10
10	Contribution to contingency reserve	100	0
11	Return on equity	90	10
12	Non-tariff income	10	90



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On the basis of the 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. 606.06 crore |
| b. ARR of Retail Supply Business | – | Rs. 2933.83 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 be segregated 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 278.33 / kW/ month
- LT Voltage - Rs 465.06 / kW/ month

TPL-D has further stated that an open access consumer will also have to bear the following wheeling losses in addition to the wheeling charges.

Table 8.2: Wheeling charges in kind of Ahmedabad area

Particulars	FY 2013-14 Ahmedabad Area
HT Category	4.00%
LT Category	7.53%

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 8.3: Allocation matrix for segregation to Wheeling and Retail Supply for TPL- Ahmedabad Supply Area for FY 2013-14 as per GERC Regulations

Sl. No.	Particulars	Wire business (%)	Retail Supply business (%)
1	Power purchase expenses	0	100
2	Employee expenses	60	40



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Sl. No.	Particulars	Wire business (%)	Retail Supply business (%)
3	Administrative and general expenses	50	50
4	Repair and maintenance expenses	90	10
5	Depreciation	90	10
6	Interest on long term loan capital	90	10
7	Interest on working capital and consumer security deposit	10	90
8	Bad debt written off	0	100
9	Income tax	90	10
10	Contribution to contingency reserve	100	0
11	Return on equity	90	10
12	Prompt payment rebate	0	100
13	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.

Table 8.4: Allocation ARR between wheeling and retail supply business for Ahmedabad for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power purchase expenses	2849.99	0.00	2849.99
2	O&M Expenses	208.46		
	i) Employee expenses	76.71	46.03	30.68
	ii) R&M expenses	92.22	83.00	9.22
	iii) A&G expenses	39.53	19.76	19.77
3	Depreciation	173.10	155.80	17.30
4	Interest on loan	130.95	117.86	13.09
5	Interest on consumer security deposit	15.95	1.59	14.36
6	Interest on working capital	7.77	0.77	7.00
7	Provision for bad debt	1.09	0.00	1.09
8	Income tax	8.52	7.67	0.85
9	Contribution to contingency reserve	0.60	0.60	0.00
10	Return on equity	198.30	178.47	19.83
11	Prompt payment rebate	31.64	0.00	31.64
12	Less: Non-tariff income	54.84	5.48	49.36
13	Net ARR	3571.53	606.07	2965.46

The above allocations of ARR are used for determination of wheeling charges for FY 2013-14.

The wheeling charges at EHT / HT voltage level for FY 2013-14 are given in the table below:



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Table 8.5: Wheeling charges for EHT / HT voltage level

Sl. No.	Particulars	Ahmedabad Area
1	Energy input into distribution system (MU)	7356
2	Total distribution cost wire business (Rs. crore)	606.07
3	Distribution cost for wheeling at EHT / HT (Rs. crore) at 30% of total Distribution cost	181.82
4	Wheeling charges at EHT / HT (paise/kWh) (3/1)	25

Accordingly, the Commission approves the wheeling charges of 25 paise / kWh for EHT / HT network of 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 2013-14 for Ahmedabad distribution area is summarized in the table below:

Table 8.6: Wheeling charges at LT voltage level

Sl. No.	Particulars	Ahmedabad area
1	Energy input into distribution system (MU)	7356
2	Losses in EHT / HT system (at 4% (MU)	294
3	Energy sales in EHT / HT system (MU)	1757
4	Energy input into LT system (MU) [1-(2+3)]	5305
5	Total distribution cost for wheeling business (Rs. crore)	606.07
6	Distribution cost at EHT / HT level (Rs. crore) (at 30%)	181.82
7	Distribution cost at LT voltage level (5-6)	424.25
8	Wheeling charges at LT voltage level (paise/kWh)	80

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

Table 8.7: Wheeling charges in kind

Particulars	FY 2013-14 Ahmedabad Area
HT Category	4.00%
LT Category	7.53%

8.3 Cross-Subsidy Surcharge

Petitioner's Submission

Determination of Cross-Subsidy Surcharge

The TPL-D has proposed the following formula for computation of Cross-Subsidy Surcharge (CSS).



$$\text{CSS} = T - \{[\text{PPC} / (1-L)] + D\}$$

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 power purchase cost of long-term power purchase in Rs. per unit

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

D is the wheeling charge in Rs. Per unit

TPL has explained the rational and for the proposed change in the formula in its petition from that given in the Tariff policy.

Commission's Analysis

The Commission computed cross subsidy surcharge based on the formula given in the Tariff Policy as given below:

$$\text{S} = T - \{C(1+L/100) + D\}$$

Where:

S is the surcharge

T is the Tariff payable by the relevant category of consumers

C is the weighted average power purchase cost of top 5% at the margin excluding liquid fuel based generation and renewable power

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

D is the wheeling charge

The cross subsidy surcharge based on the above formula is worked out as shown in the table below:

Table 8.8: Cross subsidy surcharge for FY 2013-14

Sl. No.	Particulars	HT Category
1	T	5.38 Rs. / kWh
2	C	5.48 Rs. / kWh
3	D	25 Ps. / kWh
4	L	4 %
5	S = Cross subsidy surcharge	-57 Ps. / kWh



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- | | |
|--|----------------|
| 1. Average HT tariff for FY 2013-14: | 5.38 Rs. / kWh |
| 2. Wt. Avg. Power purchase cost of top 5% at margin: | 5.48 Rs. / kWh |
| 3. Cross subsidy surcharge for HT | |

$$S = 5.38 - [5.48 (1+4/100) + 0.25]$$
$$= -0.57 \text{ Rs./ kWh}$$

Based on the above calculations, the cross subsidy surcharge should normally be zero. In case of other Discoms of the State, the cross subsidy surcharge is determined at Rs. 0.45 / kWh. Further, the cross subsidy surcharge emerging from the above calculation for TPL-D (A) is because the Wt. Avg. power purchase cost (C) is based on the price at power exchange which was considerably high earlier and appears to be declining.

In order to ensure a level playing field for all Open Access consumers and licensees in the State, the Commission decides to keep the uniform aggregate wheeling charges and cross-subsidy surcharge for all Open Access consumers in the State.

In the case of State owned Discom, the wheeling charge and cross-subsidy surcharge works out as 12 paise/kWh and 45 paise/kWh, respectively, for the FY 2013-14. Hence, the total wheeling charges and cross-subsidy surcharge works out to 57 paise/kWh.

As the Commission has determined the wheeling charges at 25 paise/kWh, the cross-subsidy surcharge is now fixed at 32 paise/kWh for FY 2013-14 for Open Access consumers of Ahmedabad distribution area.



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), the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and the Regulations on Terms and Conditions of Tariff 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.

9.2 Proposal of TPL for increase in Retail tariffs for Ahmedabad for FY 2013-14

9.2.1 Retail Tariff

TPL-D has computed the cumulative gap for FY 2011-12 and FY 2013-14 and has proposed to recover the estimated revenue gap during FY 2013-14. TPL-D has proposed certain increase in retail supply tariffs and levy of cross subsidy surcharge on open access consumers for consideration of the Commission.

9.2.2 Issues in the existing tariff structure and Retail Tariff proposal of TPL-D

TPL has highlighted the following issues in the existing tariff structure and proposed to modify the existing tariff structure.

TPL has submitted that the proposed tariff structure is based on –

- i) Consumer's capacity to pay
- ii) Reasonable recovery of fixed charges which reflect the fixed costs
- iii) Demand Side Management by shifting consumption from peak-hours to off-peak hours.
- iv) Promotion of efficient use of electricity.



TPL has highlighted the above issues in the existing tariff structure and has proposed to modify the existing structure as detailed below:

(i) Consumer’s capacity to pay

As per the tariff policy the consumers who consume below 30 units per month may receive a special support. The tariff for such consumers will be at least 50% of the average cost of supply. In the present tariff structure the tariff for residential category is telescopic i.e. the consumers consuming lower units have to pay lower tariff as compared to consumers consuming higher units within the same category.

Fixed charges for consumers with lower load are less as compared to fixed charges applicable to other consumers.

TPL has submitted that since the existing tariff structure is consistent with the principle of capacity to pay, no major changes are proposed from this point of view. The tariff for BPL consumers for the first 30 units per month is proposed to be kept at the same level.

(ii) Correct recovery of fixed charges which reflect fixed costs

TPL has submitted that it incurs the following fixed costs:

- a) Fixed cost of purchase of power.
- b) Operations and maintenance of the network
- c) Interest and depreciation on capital expenditure to establish and augment the network etc.

It is submitted that the fixed costs are to be recovered through fixed charges.

TPL has depicted the fixed costs approved in MYT order for FY 2013-14 for Ahmedabad supply area and fixed charges being recovered with the existing tariff structure as below:

Table 9.1: Cost of Supply proposed by TPL as per MYT Order

Particulars	Fixed costs (Rs./unit)	Variable cost / unit (Rs./unit)	Total (Rs./unit)	Fixed cost (%)	Variable cost (%)
Cost / unit	2.25	3.01	5.26	43	57



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Estimated recovery of tariff charges in the form of fixed / demand charges for FY 2013-14.

Table 9.2: Revenue realization per unit as proposed by TPL

Particulars	Fixed costs (Rs./unit)	Variable cost / unit (Rs./unit)	Total (Rs./unit)	Fixed cost (%)	Variable cost (%)
Sales realisation / unit	0.42	4.52	4.94	8%	92%

There is a mismatch in recovery of fixed charges vis-à-vis fixed cost as projected by TPL.

Problems due to this anomaly in tariff

It is submitted by TPL that the existing fixed charges are not depictive of fixed costs and majority of fixed costs are being recovered through energy charges. The open access consumers of above 1 MW are availing open access for sourcing power from power exchange while maintaining their status as retail consumers by paying the contract demand charges. Thus, these consumers can utilize the supply from licensee at their discretion as a standby facility throughout the year without making payment of real fixed costs. The cost of making this standby facility available to open access consumer at subsidized rates is borne by other small consumers.

To protect the interest of smaller consumers and the licensee, the Act, provides for recovery of cross subsidy surcharge from such open access consumers. However, the cross subsidy surcharge is 'nil' as per existing tariff order. TPL has therefore, requested that -

- a) Fixed charges shall be depictive of the fixed costs.
- b) Wheeling charges should be depictive of the true cost of wheeling
- c) Cross subsidy surcharge should be depictive of the actual cross subsidy in tariff.

(iii) Demand Side Management by shifting consumption from peak-hours to off-peak hours.

TPL has proposed to increase the ToU charges for HT consumers and also propose to introduce ToU charges for LTMD-2 consumers having billing demand more than 50 kW in Ahmedabad supply area. This should shift some peak-demand to non-peak hours and thereby help in flattening its load curve shaving off peak demand.

(iv) Promotion of efficient use of electricity.



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- a) TPL proposes to maintain the load factor incentive (for HT consumers) that is currently applicable to flatten the load curve and thereby improving the system utilization.
- b) TPL has also proposed to maintain the existing power factor (PF) adjustment charges and rebate.

9.2.3 TPL has also proposed to continue the existing prompt payment discount at 1% for Ahmedabad supply area.

9.2.4 Tariff Proposal

TPL has not proposed restructuring of tariff categories but proposed revision of tariff by increasing the fixed charges / demand charges and energy charges for all consumers except BPL consumers to meet the cumulative gap of FY 2011-12 and FY 2013-14.

The proposed tariff structure provides the revision in fixed and energy charges as below:

Table 9.3: Existing and proposed Tariff structure

Sl. No.	Category	Fixed Charges		Energy Charges	
		Existing	Proposed	Existing	Proposed
1	RGP	Rs. 10 to Rs. 30 per installation per month	Rs. 25 to Rs. 80 per installation per month	300 paise/unit to 430 paise/unit	310 paise/unit to 460 paise/unit
2	GLP	Rs. 10 to Rs. 30 per installation per month	Rs. 15 to Rs. 60 per installation per month	365 paise/unit to 435 paise/unit	395 paise/unit to 465 paise/unit
3	Non-RGP	Rs. 35 to Rs. 45 per kW per month	Rs. 70 to Rs. 85 per kW per month	385 paise/unit	420 paise/unit
4	LTMD-1	Rs. 100 to Rs. 170 per kW per month	Rs. 100 to Rs. 170 per kW per month	390 paise/unit to 405 paise/unit	425 paise/unit to 440 paise/unit
5	LTMD-2	Rs. 100 to Rs. 185 per kW per month	Rs. 180 to Rs. 360 per kW per month	405 paise/unit to 425 paise/unit	435 paise/unit to 465 paise/unit
6	ToU (for LTMD consumers)	-	-	-	50 paise/unit
7	HTMD-1	Rs. 180 per kW per month	Rs. 345 to Rs. 685 per kW per month	380 paise/unit to 370 paise/unit	280 paise/unit to 270 paise/unit
8	HTMD-2	Rs. 180 per kW per month	Rs. 245 per kW per month	335 paise/unit	335 paise/unit
9	HTMD-3	Rs. 465 per kW per month	Rs. 500 per kW per month	640 paise/unit	670 paise/unit



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Sl. No.	Category	Fixed Charges		Energy Charges	
		Existing	Proposed	Existing	Proposed
10	ToU (for HTMD consumers)	-	-	50 paise to 70 paise per unit	70 paise to 100 paise per unit

By revision of tariff as shown above, TPL has computed the additional revenue of Rs. 413.58 crores which results in the total revenue for FY 2013-14 as Rs. 3737.86 crores including the fuel cost adjustment charges at the base rate.

9.3 Commission's Analysis

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.

The Commission, through order dated 28th December, 2012 in the suo motu petition no. 1242/2012 directed TPL to propose rationalization of tariff applicable for residential premises having connected load more than 15 kW. TPL was further directed to explore possibilities of removing the provision of contract demand for the residential consumers and ensure that the difference in electricity bill for the borderline consumers should not be very high. In response to this, the TPL has proposed reduction in demand charges for the residential premises. During the course of hearing, consumer organisations expressed difficulties in fixing the contract demand for residential premises due to seasonal variation and large diversity in the usage of electrical equipments.

In view of the above, the Commission decides to discontinue the demand based tariff for individual residential premises having connected load above 15 kW. However, the common services in residential premises having connected load above 15 kW and pumping stations run by local authorities having connected load above 15 kW will continue to be covered under demand based category, LTMD-I.



The Commission decides to continue the existing tariff structure except a change as stated above.

TPL has proposed a significant increase in demand charge in order to compensate for the fixed charge incurred by it. However, the Commission is of the view that demand charge should not be increased beyond a certain limit in order to keep the impact of tariff hike at reasonable level for the consumers having lower consumption. The Commission decides to increase fixed and energy charge in such a way that tariff hike for all categories of consumers remains moderate, irrespective whether usage of electricity is lower or extensive. Further, the hike in energy charge instead of higher increase in fixed charge encourages efficient use of electricity and promotes DSM measures.

9.4 Revenue Gap / Surplus

The consolidated revenue gap for the TPL- Ahmedabad and TPL - Surat for the FY 2013-14 including the truing up of FY 2011-12 along with the previous years' gap is estimated at Rs. 315 Crore as shown in para 5.4. The Commission has considered the consolidated revenue gap for the TPL - Ahmedabad and TPL - Surat for determination of tariff for FY 2013-14.

It is decided to increase the tariff rates for the FY 2013-14 to meet the entire estimated gap of FY 2013-14, including gap related to previous years. Accordingly, the fixed charges / demand charges and energy charges for all the categories of the consumers are increased, except for BPL consumers, as shown in the Tariff Schedule annexed with this Order. With this increase, it is estimated that the additional revenue will be Rs. 315 crore for both the licensee areas – TPL Ahmedabad and TPL Surat.

COMMISSION'S ORDER

The Commission reiterates the Aggregate Revenue Requirement for FY 2013-14 as approved in the MYT Order dated 6th September, 2011 for TPL-D Ahmedabad as shown in the table below:

Approved ARR for TPL-D Ahmedabad for FY 2013-14

		(Rs. Crore)
Sl. No.	Particulars	FY 2013-14
1	Variable Charges	2849.99
2	O&M Expenses	208.46
3	Depreciation	173.10
4	Interest on Loan	130.95
5	Interest on Security Deposit	15.95
6	Interest on Working Capital	7.77
7	Return on Equity	198.30
8	Income Tax	8.52
9	Bad Debts	1.09
10	Contingency Reserve	0.60
11	Prompt payment rebate	31.64
12	Less: Non-tariff Income	54.84
13	Net ARR	3571.53

The Commission considers the cumulative gap of Rs. 68.90 crore, related to earlier years of FY 2007-08, 2008-09 and 2009-10, for the purpose of tariff determination.

The retail supply tariffs for Ahmedabad distribution area for FY 2013-14 determined by the Commission are annexed to this order.

This order shall come into force with effect from the 1st April, 2013. The revised rate shall be applicable for the electricity consumption from the 1st April, 2013 onwards.

Sd/-

DR. M.K. IYER
Member

Sd/-

SHRI PRAVINBHAI PATEL
Member

Sd/-

DR. P.K. MISHRA
Chairman

Place: Ahmedabad
Date: 16/04/2013



**Torrent Power Limited – Distribution, Ahmedabad
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**ANNEXURE: TARIFF SCHEDULE FOR FY 2013-14
TARIFF SCHEDULE
EFFECTIVE FROM 1ST APRIL, 2013
TARIFF SCHEDULE FOR AHMEDABAD - GANDHINAGAR LICENSE AREA OF
TORRENT POWER LIMITED- AHMEDABAD**

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

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.



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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

This tariff is applicable to supply of electricity for:

- i. residential purpose, and
- ii. installations having connected load up to and including 15 kW for common services like elevators, water pumping systems, passage lighting in residential premises and pumping stations run by local authorities.

1.1. FIXED CHARGE

For Other than BPL consumers

(a)	Single Phase Supply	Rs. 15 per month per installation
(b)	Three Phase Supply	Rs. 45 per month per installation

For BPL household consumers*

(a)	Fixed Charges	Rs. 5 per month per installation
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1.2. ENERGY CHARGE

For Other than BPL consumers

(a)	First 50 units consumed per month	320 Paise per Unit
(b)	For the next 150 units consumed per month	375 Paise per Unit
(c)	Remaining units consumed per month	455 Paise per Unit

For BPL household consumers*

(a)	First 30 units consumed per month	150 Paise per Unit
(b)	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. 15 per month per installation
(b)	Three Phase Supply	Rs. 45 per month per installation

2.2. ENERGY CHARGE

(a)	First 200 units consumed per month	385 Paise per Unit
(b)	Remaining units consumed per month	455 Paise per Unit

3. RATE: NON-RGP

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. 45 per kW per month
(b)	For installations having Connected Load more than 5 kW and up to 15 kW	Rs. 60 per kW per month

3.2. ENERGY CHARGE

A flat rate of	405 Paise per Unit
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4. RATE: LTP (AG)

Applicable to motive power installations for agricultural purposes

4.1. ENERGY CHARGE

A flat rate of	330 Paise per Unit
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4.2. MINIMUM CHARGE

Minimum Charge per BHP of Connected Load	Rs. 10 per BHP per Month
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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 15 kW of connected load used for common services like elevators, water pumping systems and passage lighting 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
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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

(a)	For Billing Demand up to and including 50 KW	410 Paise per unit
(b)	For Billing Demand above 50 KW	425 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
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6. RATE: LTMD-2

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. 125 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 175 per kW
(c)	Rest of Billing Demand per month	Rs. 225 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 400 Per kW
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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

(a)	For Billing Demand up to and including 50 KW	425 Paise per unit
(b)	For Billing Demand above 50 KW	445 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
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7. RATE: SL

Applicable to lighting systems for illumination of public roads.

7.1. ENERGY CHARGE

A flat rate of	385 Paise per Unit
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7.2. OPTIONAL kVAh CHARGE

For all the kVAh units consumed during the month	290 Paise per Unit
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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
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8.2. ENERGY CHARGE

A flat rate of	455 Paise per Unit
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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 for Billing demand up to 1000 KW	Rs. 210 per kW
Fixed Charge per kW of Billing Demand per Month for Billing demand 1000 KW and above	Rs. 240 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
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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

(a)	First 400 units consumed per kW of Billing Demand per Month	400 Paise per unit
(b)	Remaining Units consumed per Month	390 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.



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(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
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10. RATE: HTMD-2

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
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B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 275 Per kW
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Note: The Billing Demand will be taken as under:

- i. The Maximum Demand recorded during the month OR



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- ii. 85% of the Contract Demand OR
- iii. 100 KW

Whichever is the highest.

10.2. ENERGY CHARGE

A flat rate of	355 Paise per unit
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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
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10.4 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.

10.5 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
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11. RATE: HTMD-3

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. 480/- 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	650 Paise/Unit
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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
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11.4. 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



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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
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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
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12.2 ENERGY CHARGE

A flat rate of	330 Paise per unit
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12.3 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
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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.



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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.*

