GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2012-13 and

Determination of Tariff for FY 2014-15

For

Torrent Power Limited – Distribution

Ahmedabad

Case No. 1376 of 2013

29th April 2014

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(GERC)

GANDHINAGAR

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ABBREVIATIONS

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

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1376 of 2013

Date of the Order: 29/04/2014

CORAM

Shri Pravinbhai Patel, Chairman

Dr. M. K. Iyer, Member

ORDER

1. Background and Brief History

1.1 Background

Torrent Power Limited (hereinafter referred to as 'TPL' or the 'Petitioner') has filed a Petition under Section 62 of the Electricity Act, 2003, read in conjunction with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, for the True-up for FY 2012-13, and determination of tariff for distribution business at its Ahmedabad and Gandhinagar areas for the FY 2014-15 on 4th December, 2013.

The Commission admitted the petition on 5th December, 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 taken over 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 in conjunction with Section 19 (1) (i) of the Gujarat Electricity Industry (Reorganisation and Regularisation) Act, 2003 and Section 14 of the Electricity Act, 2003. The Commission had granted approval for 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 the 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 2012-13 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 GERC (MYT) Regulations, 2011. The Commission issued orders for Truing up for FY 2011-12 and Tariff for FY 2013-14 on 16th April, 2013.

1.4 Admission of the Current Petition and Public Hearing Process

TPL submitted the current petition for 'Truing up' for FY 2012-13 and determination of tariff for FY 2014-15 on 4th December, 2013. The Commission admitted the petition (Case No. 1376 of 2013) on 5th December, 2013.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed TPL to publish its application in an abridged form to ensure public participation. The Public Notice, inviting objections / suggestions from its stakeholders on the ARR petition filed by it, was published in the following newspapers on 11th December, 2013.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	Indian Express (Ahmedabad)	English	11.12.2013
2	Sandesh (Ahmedabad)	Gujarati	11.12.2013

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 10th January, 2014.

The Commission received objections / suggestions from 16 stakeholder. The Commission examined the objections / suggestions received and fixed the date for public hearing for the petition on 21st February, 2014 at the Commission's Office, Gandhinagar, and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in the Commission's Office at Gandhinagar as scheduled on the above date.

The names of the stakeholders who filed their objections and the objectors who participated in the public hearing for presenting their objections are given below:

Sl. No.	Name of Stakeholders	Participated in the Public Hearing
1	Akhil Gujarat Grahak Sewa Kendra	No
2	Bharatiya Kisan Sangh	No
3	ATMA - Ahmedabad Textile Mills' Association	Yes
4	Gujarat Chamber of Commerce & Industry	Yes
5	The Institute of Indian Foundrymen	No
6	Shri Mukesh Parikh, All India Consumer Protection & Action Committee	No
7	Surat Citizen's Council Trust and The Southern Gujarat Chamber of Commerce & Industry	Yes
8	Gujarat Bricks Manufacturer's Federation	No
9	CERS - Consumer Education and Research Society	Yes
10	Laghu Udyog Bharati - Gujarat	Yes
11	Gandhinagar Shaher Vasahat Mahamandal	Yes
12	Shri Amarsinh Chavda	No
13	ATPA - Ahmedabad Textile Processors' Association	Yes
14	Utility Users' Welfare Association (UUWA)	Yes
15	OPGS Power Gujarat Private Ltd.	No
16	Socialist Unity Centre of India (Communist) [SUCI(C)]	Yes

A short note on the main issues raised by the objector in the submissions in respect to the Petition, along with the response of TPL-D (Ahd.) and the Commission's views on the response, are briefly 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 the 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 for FY 2012-13.

5. The **fifth** chapter deals with the determination of tariff for FY 2014-15.
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 GERC (MYT) Regulations, 2011, provide for truing up of the previous year, and determination of tariff for the ensuing year. The Commission has approved the ARR for the two years of the second control period from FY 2011-12 to FY 2015-16, in the MYT order dated 6th September, 2011. The Commission had approved the "truing up" for the FY 2011-12 in the Tariff Order dated 16th April, 2013.

TPL has approached the Commission with the present Petition for "Truing up" for the FY 2012-13 and determination of tariff for the FY 2014-15, under GERC (MYT) Regulations, 2011.

The Commission has undertaken truing up for the FY 2012-13, including computation of gains and losses for the FY 2012-13, based on the submissions of the petitioner and the audited annual accounts made available by the petitioner.

While truing up for FY 2012-13, 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 revising the same
2. Un-controllable parameters have been revised, based on the actual performance observed.

The Truing up for the FY 2012-13 has been considered, based on the GERC (MYT) Regulations, 2011. For determination of the ARR for FY 2014-15, the Commission has considered the ARR for FY 2014-15, as approved in the Mid-term Review Order in Petition No. 1366/2013.

2. Summary of TPL's Petition

Torrent Power Limited (TPL) submitted the current petition, seeking approval of True-up for ARR of FY 2012-13 and determination of tariff for the FY 2014-15. The petitioner has also submitted a tariff proposal for FY 2014-15, based on the estimated revenue gap for the FY 2012-13 and ARR of FY 2014-15, taking into account the Mid-term Review of the Business Plan.

2.1 Actuals for FY 2012-13 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 2012-13

(Rs. Crore)

Particulars	Approved in MYT Order	Actual as per TPL
Power Purchase Cost	2545.00	3366.53
O&M Expenses	197.18	204.89
Depreciation	140.85	101.76
Interest Cost on Long-term Capital Loans	105.40	61.83
Interest on Working Capital	7.13	12.84
Interest on Security Deposit	14.43	26.60
Return on Equity	174.27	145.33
Provision for Bad Debt	1.09	3.64
Contingency Reserve	0.60	0.60
Income Tax	8.52	-
Less:		
Non-Tariff Income	53.25	87.24
Annual Revenue Requirement	**3141.20**	**3836.77**

2.2 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap

The Table below summarises the proposed ARR claimed by the TPL for truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2012-13.

Table 2.2: True-up ARR claimed by TPL for FY 2012-13

(Rs. Crore)

Particulars		FY 2012-13
ARR as per MYT order	A	3141.20
Gains/(loss) due to Uncontrollable Factors	B	(745.85)
Gains/(loss) due to Controllable Factors	C	50.29
Pass through as tariff	D=(B+1/3rd of C)	729.09
Revised ARR for True-up for FY 2012-13	E=A+D	3870.30

The Table below summarises the Gap/Surplus for Ahmedabad supply area for FY 2012-13.

Table 2.3: Revenue Gap/ (Surplus) for Ahmedabad Supply Area for FY 2012-13

(Rs. Crore)

Particulars	MYT Order	Actuals
Annual Revenue Requirement	3141.20	3870.30
Less:		
Revenue from Sale of Energy	3035.83	3452.44
Gap/Surplus	105.37	417.86
Earlier years' Approved Gaps		
Total Gap/Surplus for the Earlier Period *		116.03
Cumulative Gap/Surplus for FY 2012-13 #		533.89

**** As per GERC Order dated 02.06.2012 and 04.09.2013.***
 # Does not include carrying cost.

TPL has requested the Commission to approve the gap of Rs. 533.83 Crore arrived at 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 2014-15

TPL has considered the Revised ARR of Rs. 4593.52 Crore for FY 2014-15, submitted in the Mid-term Review for the purpose of determination of tariff for FY 2014-15. The gap arrived at for FY 2014-15, 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 2014-15

(Rs. Crore)

Particulars	Amount
Revised ARR for FY 2014-15	4593.52
Less: Revenue from Sale of power at the Existing Tariff, including FPPPA revenue @ Rs. 1.23 per unit	3732.48
Revenue from Open Access Charges at existing Rate of Rs. 0.57 per unit	25.65
Net Gap/Surplus	**835.40**

TPL has proposed recovery of the above mentioned revenue gap through the proposed tariff. The additional revenue due to the proposed tariff works out to Rs. 835.40 Crore for Ahmedabad Supply Area. This would result in an average tariff increase of 22% over the existing tariff.

TPL's Request to the Commission

TPL has requested the Commission to:

a) Admit the petition for True-up for FY 2012-13 and determination of tariff for FY 2014-15.

b) Approve the gap of FY 2012-13 along with the approved gap of the earlier years as per the truing up.

c) Approve the sharing of gains/ losses, as proposed by TPL-D for FY 2012-13.

d) Allow recovery of the trued up gap of FY 2012-13 as “Additional Charge”.

e) Approve the gap for FY 2014-15, based on the revised ARR, as may be approved in the Mid-term Review Petition.

f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2014.

g) Approve the retail supply tariff to cover the gap of FY 2014-15.

h) To allow recovery of the costs as per the Judgments of the Hon’ble Tribunal on the Appeals filed by the Petitioner.

i) Allow additions/ alterations/ changes/ modifications to the application at a future date.

j) 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) Allow any other relief, order or issue directions which the Commission deems fit.

l) Condone any inadvertent omissions / errors / rounding off difference / short comings.

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

3.0 Public Response to Petition

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by TPL for Truing up of FY 2012-13 and determination of Tariff for FY 2014-15 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 the consumer / consumer organizations, the response from the Petitioner and the view of the Commission are as given below:

3.1 Gap claimed for TPL which is a Profit making Company is incorrect

Objection

TPL is profit making company and the gap claimed by the Petitioner is incorrect.

Response of TPL

The gap is arrived at in accordance with the GERC (MYT) Regulations, 2011. The profits shown for the Company as a whole has no relevance with the tariff petition as both are prepared under the provisions of different Statutes having different principles and methodology including difference in businesses.

Commission's View

Response of the petitioner is noted.

3.2 Incorrect and Insufficient Data

Objection

The data and information furnished by the Petitioner is incorrect and insufficient.

Response of TPL

All the data and information is provided in accordance with the provisions of the GERC (Multi-Year Tariff) Regulations, 2011.

Commission's View

The response of the petitioner is noted. Any additional data/clarifications required, during the analysis of ARR and finalising the Tariff Order is obtained from TPL.

3.3 Consumption in BPL Category

Objection

There are no consumers having consumption of 30 units per month in the BPL category and that the consumption is generally around 100 units per month.

Response of TPL

The BPL category tariff is applicable to only those consumers who are categorized as BPL by the concerned authority by issuing BPL card. The concessional tariff is applicable for only 30 units per month in accordance with the provisions of the Tariff Policy issued by the Central Government. The balance units are charged at the regular rate applicable to residential consumers. The objective is to supply electricity to such consumers at concessional tariff in line with the provisions of the Act.

Commission's View

Commission agrees with the response of the Petitioner.

3.4 Proposed steep increase in Tariff for Agricultural and Other Categories not Justifiable

Objection

TPL has proposed 50% increase in tariff rates for the Agriculture consumers. Further, there is 25% increase in energy charges and per unit tariff of consumers of Ahmedabad.

Commission is requested to reject the tariff rise.

Response of TPL

TPL has filed the current petition for approval of the tariff proposal in line with the provisions of the Act and the Regulations. While designing the tariff proposal, the Petitioner has given due consideration to the cost of supply, reduction in cross-subsidization and other factors while ensuring the recovery of cost. It has to be borne in mind that the statutory provisions contained in Section 61 read with Section 62 lay down the principles for determination of tariff. The Petition espouses the tariff determination in accordance with the statutory provisions.

Commission's View

The Commission considers revision of Tariff after validation and prudence check of the data provided by TPL and according to the provisions of GERC (MYT) Regulations, 2011.

3.5 Category-Wise Sales for FY 2012-13

Objection

For true-up of 2012-13, petitioner has not submitted comparison of category wise sale. It could have been submitted as per DISCOMs of GUVNL. At least sale comparison for HT categories could have been submitted.

Response of TPL

The Petitioner would like to furnish the category-wise actual sales data for FY 2012-13 as under:

Category	FY 2012-13
RGP	1,965.19
Non RGP	814.41
LTMD	1,487.02
HT	1,701.24
HT Pumping	103.84
Others	75.69
DoE Units	9.24
Total	**6,156.64**

Commission's View

The response of the petitioner is noted. The Petitioner should have submitted the above information in the Petition itself. The Commission has however compared the projected sales with approved sales in MYT Order.

3.6 Proposed Hike in Tariff In spite of favourable Consumer Mix

Objection

While delivering tariff order for FY 2013-14, Commission has increased tariff substantially and projected revenue gap as Zero. Yet, the petitioner has projected revenue gap of Rs. 835.40 Crore for FY 14-15 and has proposed overall tariff rise of 22% over the existing tariff, additional Charge of Rs. 0.83 per unit as well as tremendous rise in wheeling charge, Cross Subsidy Surcharge on Open Access (OA) consumers.

Petitioner is having one of the best possible consumer mix, only urban area, no agriculture connection like GUVNL DISCOMs, even though projecting such a high revenue gap infers some basic inefficiency. It is prayed not to allow any hike in tariff or other charges.

The fixed charges are increased by 100%. These charges were increased last year only by 50%. Therefore the fixed charges for all categories of consumers should not be increased.

Consumers with monthly consumption above 200 Units are worst sufferers and their electricity bill will increase by more than 20%.

Response of TPL

The Commission has approved the ARR for the control period from FY 2011-12 to FY 2015-16 as per the MYT order in Case No. 1092 of 2011 dated 6th September, 2011. This was based on the Petitioner's projections at the beginning of the MYT control period and estimates based on past trends. However, material changes have taken place and the ARR is required to be revised based on the revised estimates of sales, change in power purchase and capital investment plan, etc. Based on the revised ARR and the estimated revenue from the revised sales projection, the Petitioner has estimated the revenue gap of Rs. 835.40 Crore for FY 2014-15 for tariff revision.

Regarding the proposal of additional charge, it is to clarify that the Additional Charge is proposed to recover the revenue gap of FY 2012-13 and the approved gap of earlier year. The revenue gap of FY 2012-13 is detailed in its petition. The Petitioner would like to submit that its proposal is in line with the provisions of the Act and Regulations framed thereunder. The Petitioner refutes the allegation of inefficiency and submits that the reasons for revenue gap of FY 2012-13 & earlier year is mainly on account of under-recovery of cost through tariff & FPPPA charges.

Regarding the increase in tariff given by the Commission while determining the tariff for FY 2013-14, the analysis of each component of ARR is to be carried out in the truing up exercise of FY 2013-14. Thus, the objection raised is not the part of present proceeding.

Commission's View

The objection and the response are noted and appropriate decisions are taken by the Commission after validation of data submitted by TPL and due prudence check as per the GERC (MYT) Regulations, 2011.

3.7 Scope to further reduction in Distribution Losses

Objection

Distribution losses of 7.25% are admirable but it should be noticed that DISCOMs like UGVCL not having good consumer mix like petitioner and having majority of rural area, have non-AG losses of less than 9%. TPL Surat is having distribution losses of 4.20%.

As such there is a good scope to do better. It is prayed to approve distribution losses of @ 7.25% for FY 2014-15 and FY 2015-16 in Mid-term Review petition.

Response of TPL

The Petitioner has been able to contain the loss levels in its license area to the lowest possible level through the sustained efforts in terms of implementing efficient practices and perseverance from the employees. However, further reduction in distribution losses would be difficult; instead, a propensity to increase would be there mainly due to higher growth in LT Load as compared to the HT load and the curtailment of capital expenditure due to acute financial constraints leading to higher technical losses. The distribution loss is the performance parameter of the distribution licensee. The trajectory for the same is determined for the control period by the Commission. The reduction in distribution loss better than the trajectory has become possible due to extra efforts. However, the better performance cannot put the distribution licensee to disadvantage or stricter norms as the same is against the provisions of the EA, 2003 and the National Tariff Policy.

The Tariff policy specifically provides to encourage the utility for better performance by incentivizing. Further, the GERC (MYT) Regulations, 2011, also provides for sharing of gains on account of better performance. Thus, the suggestion of the Objector to consider the actual distribution loss of 7.25% cannot be considered.

Commission's View

The objection and the response of the Petitioner are noted.

3.8 Higher Cost for SUGEN Power

Objection

Though energy availability from SUGEN is reduced from 6,173.76 MUs projected in MYT order to 3,547.90 MUs, power purchase cost is increased from Rs. 2,058.65 Crore projected in MYT order to 2,098.50 Crore. Petitioner is requested to explain this in detail.

Analysis of cost per unit approved in MYT order and actual cost incurred is given here under:

Energy Sources	Cost Per Unit		Actual Cost in % of Approved Cost
	MYT Order	Actual	
TPL - G (APP)	3.51	4.40	125.37
SUGEN	3.33	5.91	177.38
Bilateral	4.53	4.35	96.20
Power Exchange	5.59	3.91	69.97
Renewable Energy	5.22	3.21	61.46

From above it can be seen that there is tremendous rise in power purchase cost from generation plant of petitioner itself. Such cost should not be passed on to consumers.

Response of TPL

The estimate of MYT order was based on the estimates of fuel price & quantum, fixed cost, exchange rate prevailing in FY 2008-09. Since then, there are material changes in fuel cost, exchange rate, and quantum of fuel from different sources. These changes are beyond the control of the licensee. As per the GERC (MYT) Regulations, 2011, read with Tariff Policy, the power purchase cost is the legitimate item of expense and hence the same has to be allowed as per actuals.

Commission's View

The Tariff for SUGEN Power Station is determined by Central Electricity Regulatory Commission.

3.9 The impact of Open Access on small consumers

Objection

Petitioner has represented that Open Access is a root cause for tariff burden on small consumers etc. If OA consumer is purchasing energy from any other source to compensate cross subsidization etc., there are provisions of levy of cross subsidy surcharge, wheeling charge, additional surcharge etc. National tariff policy has decided methodology to derive all such charges. These charges take care of so called less recovery of fixed and other cost from OA consumers.

Open Access help save our precious fossil fuels. It also enables our industries to compete internationally.

Response of TPL

The Objector has clearly given a suggestion for consideration of the Commission that levy of Cross Subsidy Surcharge, Wheeling Charge, Additional Surcharge, etc., takes care of loading of costs from OA Consumers. The mandate of Section 42 is binding on all concerned.

Commission's View

The objection and response of the petitioner are noted.

3.10 Wheeling Charges

Objection

In earlier tariff orders Commission has derived wheeling charges rightly by dividing the wheeling ARR of HT voltage level with total units injected at the HT voltage level. Petitioner's submission not to consider all HT units as denominator cannot be considered and it is prayed to continue existing procedure to derive wheeling charges.

Response of TPL

The Petitioner has segregated the Wheeling ARR based on two level segregation i.e. GFA and Contribution to peak demand to arrive at the Wheeling ARR pertaining to HT sales. Such segregated ARR is used to arrive at the wheeling charges on per kW basis and per unit basis. The Petitioner proposal is in line with the provisions of the Tariff Philosophy. The proposed methodology ensures recovery of full Open Access charges from the OA consumers else it amounts into subsidization of Open Access consumers by retail consumers which is against the spirit of the Act. It is submitted that this methodology based on certain rationale propounded by the Petitioner needs to be considered and dealt with. This has been made in the interest of the consumers.

Commission's View

The issue will be examined and appropriate decision to be taken.

3.11 Cross Subsidy Surcharges

Objection

National tariff policy has specified the formulae to derive cross subsidy surcharge (CSS) payable by OA consumers. CSS should be applied as derived by formulae given in National Tariff Policy only. (The Objector has cited the relevant provisions and the Act.)

Petitioner is having one of the best possible consumer mix, no agriculture connections which are one of the most subsidized category, only urban area. As such practically there is no cross subsidization exists as existed in other (GUVNL) DISCOMs and crass subsidy surcharge derived as per formulae decided by National Tariff Policy gives true picture of CSS. This is not a technical matter which should be same across state.

A consumer would avail of Open Access only after the payment of all the applicable charges as it leads to a benefit to him. While the interest of distribution licensee needs to be protected it would be essential that this provision of the Act, which requires the Open Access to be introduced in a time-bound manner, is used to bring competition in the larger interest of consumers.

Petitioner has proposed formulae to derive CSS. CSS should be derived as per formulae given in National Tariff Policy. Otherwise each utility would propose separate formulae convenient to it to restrain OA.

Response of TPL

The National Tariff Policy stipulates the principles to compute the cross subsidy surcharge so as to compensate the distribution licensee for the existing level of cross subsidization, in accordance with the provisions of the Act. The Tariff Policy also provides the method of computing the cost of supply. However, the formula specified in the Tariff Policy is one of the methods to achieve the principle of compensating the distribution licensee for the existing level of cross subsidization. Hence, the Tariff Policy uses the word “may be computed” instead of “shall be computed”. The Act envisages the recovery of cross subsidy surcharge from the Open Access consumers. Therefore, the Commission is required to decide whether the cross-subsidization exists or not and despite the existence of cross subsidization, if the CSS as per the formula works out to zero/ negative, the Commission is required to compute the CSS so as to achieve the ultimate objective of compensating the distribution license in its tariff structure. Therefore, the Petitioner has proposed the formula for computation of Cross-Subsidy Surcharge by considering the pooled power purchase cost.

The Tariff Policy is the guidelines and not the legislation. The provisions of Regulations & the Act prevail over the Tariff Policy. The Act does not allow to discriminate the Open Access consumers and other HT consumers from contributing towards the existence level of cross subsidization. The power of the Commission under Section 42 is the consideration and the discretion that the State Commission would have to apply while ushering in Open Access in a non-discriminatory manner. This power evolved by the Parliament on the State Commission cannot be diluted or fettered. Therefore, the Petitioner’s proposal is to apply the formula which ensures correct level of compensation from the Open Access consumers. It may be noted that the revenue from such cross subsidy surcharge is to be adjusted in ARR and accordingly, the Petitioner is revenue neutral. However, the Petitioner has proposed to compensate the distribution licensee to ensure that other retail consumers should not get affected.

Commission’s View

The Commission is following the formula given in the Tariff Policy for determining the cross subsidy surcharge.

3.12 Open Access to be allowed on Non-RTC basis also

Objection

At para 9.14 of petition, petitioner has stated that OA consumers contribute to the base load (RTC) and not only peak load. It was petitioner's submission before

Commission in Suo Motu petition no. 1226 of 2012 to allow OA on RTC basis only. OA consumers are ready to purchase power on non-RTC basis. This will help curtail the band of consumers' demand i.e. it will help reduce peak.

Response of TPL

The Objector has erroneously and selectively referred to the Petitioner's submission. The Petitioner has made the statement with respect to the assumptions made in the CSS formula specified in the Tariff Policy. The formula specified in the Tariff Policy is based on the assumption that the Open Access would obviate the costly purchase of power at margin. However, the OA consumers going out of the system would amount to losing not just peak load but base load also. Hence, the hypothesis that the licensee is able to avoid purchase of power at margin does not hold good. Therefore, the Petitioner has proposed to consider the pooled power purchase cost instead of top 5% power purchase cost at margin.

Commission's View

The response of the petitioner is noted.

3.13 Power Factor adjustment charges and rebate

Objection

At para 10-F (page 59) of the petition, petitioner has mentioned that, Power Factor (PF) adjustment charges and rebate are provided to incentivize the consumers to improve the PF, leading to energy saving. Petitioner has proposed to maintain it to ensure better discipline and efficiency of the power system.

In this context, it is to submit that effect of PF on system is purely technical matter. PF has proportionate effect on system everywhere. So many tariff revisions (hike) approved by Commission in last few years but rebate is unchanged for PF improvement. Since PF effect on system is in proportion and same everywhere, it is prayed to keep PF adjustment and rebate charges same as per GUVNL Discoms.

This will promote better efficiency of the power system.

Response of TPL

The tariff of each utility is different. The tariff schedule of Petitioner does have different features like categorization of consumers, Prompt Payment Discount, structure of demand & energy charges, etc. The PF rebate and penalty cannot be revised on the ground just because the same is prevalent in GUVNL Discoms. Further, the PF penalty and rebate are proposed in order to provide penalty and incentive to the consumers for maintaining the power factor. The PF rebate is provided in order to encourage the consumers for maintaining higher PF, whereas the penalty, by its very terminology, is the penal action for not maintaining the power factor. It may further be noted that penalty should always be higher than the rebate. The proposed structure is on the basis of standard tariff philosophy and principles prevailing across the country.

Commission's View

The response of the petitioner is noted.

3.14 Freezing of FPPPA

Objection

Freezing fuel surcharge (FS) at 123 paisa per unit will increase huge burden on all consumers across Gujarat. FS is a variant depending on so many factors and it may reduce also based on changes in parameters affecting its derivation. We request not to freeze of FS at 123 paisa per unit.

Response of TPL

FPPPA formula has been specified for speedy recovery of increase in fuel and power purchase cost. The existing FPPPA rate has increased beyond 1.23 per unit. Accordingly, the Petitioner has sought to freeze the base FPPPA to the existing level as part of tariff structure. Further, the apprehension of the Objector that freezing of FPPPA would burden the consumers is incorrect as it is part of tariff structure and will be considered as part of total revenue. Thus, it will not make any difference to the consumers. The proposal to increase the base FPPPA to Rs. 1.23 is to reflect the increase in fuel & power purchase cost compared to earlier base FPPPA determined in September 2009.

Commission's View

Shifting / Freezing of base FPPPA rate shall not affect the FPPPA calculations. Any reduction in Power Purchase cost may reduce the FPPPA charge to lower figure and the same shall be passed on to consumers.

3.15 Purchase of power by OA consumers during night hours (NH), Off Peak Hours (OPH) and Peak Hours (PH)

Objection

Petitioner is taking undertaking from OA consumers in view of Commission's order dated 16/08/2012. In undertaking it is written that;

"We understand that this condition is required to ensure that M/s ______ does not put any additional load / stress on the distribution company during day time and peak hours when demand of regular consumers of Distribution Company is also higher."

Motive of GERC in its order dated 16/08/2012 in Suo Motu petition no. 1226 of 2012 and UI is to refrain OA consumers to procure power from market only during off-peak (or night) hours when cost of market power is low and to depend on Discom for their peak period demand when cost of market power is high. This will increase power purchase cost of DISCOM and will increase burden on non-OA consumers.

Above infers that OA consumer has to purchase power during each block of Night Hours (NH), Off Peak Hours (OPH) and Peak Hours (PH) in such a way that it should be either equal or in ascending order during NH, OPH and PH respectively.

It seems that following above will increase neither power purchase cost of Discom nor burden on non-OA consumers. However it will reduce day time / PH power purchase cost of DISCOM.

Following above is not violation of an undertaking. But to avoid any probable confusion, we herewith request petitioner to explicitly intimate us, with clarification / reason, if it is violating rules and regulation or defeating motive of UI and GERC's order dated 16/08/2012. If it is okay then there is no need of clarification and we will intimate our members to implement it.

Response of TPL

The clarification sought by the Objector cannot be the part of current proceedings, which is pertaining to determination of tariff within the ambit of Section 62 and 64 of the Act, 2003 and in line with the GERC (MYT) Regulations, 2011. Notwithstanding the above, the Petitioner would like to further submit that the referred para is not the part of the undertaking being taken by the Petitioner.

Commission's View

The objection/suggestion and response are noted.

3.16 Proposed recovery of Gap of Rs 533.84 Crore for FY 2012-13 through 'Additional Charges'

Objection

The Petitioner's proposal to recover the gap of Rs. 533.84 Crore for FY 2012-13 through 'Additional Charge' should be rejected.

Response of TPL

The revenue gap of FY 2012-13 has been arrived at in line with the provisions of the GERC (MYT) Regulations, 2011. The main reason for such gap is under-recovery of power purchase cost incurred during the FY 2012-13. The reasons for variations of each component of ARR have been explained in the truing up section of the petition.

Commission's View

The issue will be examined by the Commission and appropriate decision taken.

3.17 Determining Tariff considering consumers Capacity to pay

Objection

Commission is requested to give due consideration to the consumer's standard of living and capacity to pay before determining the tariff.

Response of TPL

TPL has proposed the tariff structure based on certain widely recognized best practices in accordance with the legal framework. Some of the key factors considered by the Petitioner for tariff design are consumers' capacity to pay, correct recovery of fixed charges which is depictive of the fixed costs, adhering to the band of cross subsidy prescribed by Tariff Policy, incentivizing energy conservation through telescopic tariff, demand side management by shifting of consumption from peak hours to off-peak hours and promotion of efficient use of electricity.

Commission's View

The Commission takes into consideration the capacity to pay to some extent.

3.18 Clarity of sharing of Gains and Losses

Objection

Petition filed by the Petitioner is not transparent. Further, clarity is required on the mechanism of sharing of gains and losses.

Response of TPL

The Petitioner refutes all the allegations and would like to submit that it has furnished all the data and information in line with the provisions of the GERC (MYT) Regulations, 2011. Further, the Regulation itself provides the mechanism for computation of gains and losses.

Commission's View

The computation of gains and losses are finalised according to the GERC (MYT) Regulations, 2011.

3.19 Hike in Meter Rent

Objection

Increase in Non-Tariff income is due to a hike in the meter rent and such hike is objected.

Response of TPL

The Petitioner recovers the meter rent in line with the provisions of the GERC (Licensee's Power to recover expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005. The Petitioner submits that the income received from the consumers towards the meter rent is considered in truing up of ARR.

Commission's View

The Commission agrees with the response of the Petitioner.

3.20 Recovery of Meter Rent

Objection

Recovery of meter rent is objected to, as the actual cost of meter is being recovered at the time of installation.

Response of TPL

The meter rent is being collected in line with the provisions of the Section 45 (3) (b) of the Electricity Act, 2003 and the GERC (Licensees' power to recover expenditure incurred in providing supply and other Miscellaneous Charges) Regulation, 2005.

Commission's View

The response of the Petitioner is noted.

3.21 The Procurement and the Accuracy of the Meters

Objection

Doubts on the procurement of meters and the accuracy of the meters installed by the Petitioner.

Response of TPL

The Petitioner carries out all procurements on the competitive basis from the leading meter manufacturers. Regarding the accuracy of the meter, the Petitioner would like to submit 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 also provides meter testing facility to the consumers who want to ascertain the accuracy of the meter. It may be noted that the Petitioner carries out testing of meters on sample basis jointly with independent agency to verify the accuracy of the meters being installed by the Petitioner.

Commission's View

The response of the Petitioner is noted.

3.22 Consumers to be allowed to install their Own Meters

Objection

The Commission is requested to direct the Petitioner to allow the consumers to install their own meter and to create awareness.

Response of TPL

The Petitioner has given wide publicity of the option of 'Customer own meter'. In this regard, the Petitioner has published the customer charter which includes the information regarding 'Customer own meter'. Further it has also made available all the details regarding "Consumer Own Meter" on its website.

Commission's View

The response of the petitioner is noted.

3.23 Increase in Power Purchase Cost

Objection

The power purchase cost of the Petitioner has increased in an uncontrollable manner and the Petitioner should look into the same.

Response of TPL

The increase in power purchase 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. Furthermore, due to shortage of gas, the Petitioner has to procure the power on Short-Term basis or through bilateral contracts from the market. This too has led to the increase in the power purchase cost.

Commission's View

The response of the Petitioner is noted.

3.24 Increase of FPPPA over the years

Objection

The base FPPPA proposed by the Petitioner is objected to and the FPPPA has increased almost 10 times over the last few years.

Response of TPL

The fuel and power purchase cost has increased substantially during last few years. FPPPA is the mechanism to recover the increase in fuel & power purchase cost. The National Tariff Policy also 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 Commission agrees with response of the Petitioner.

3.25 Independent Agency for Meter Testing

Objection

The accuracy of the meters is doubtful and an independent agency should be appointed for meter testing, as there are allegations against testing lab and its officials.

Response of TPL

The Petitioner has the state of the art meter testing laboratory which has been accredited by the M/s NABL. In case any consumer has any grievance regarding the accuracy of meter, the same gets 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

The response of the petitioner is noted.

3.26 seasonal Tariff for Brick Industry

Objection

The brick industry is seasonal industry, working from November to April. Currently brick industries are given HT connections under HTP-I category. It is requested to convert them under seasonal tariff.

Response of TPL

The Petitioner does not have any HT consumers having brick manufacturing facility in its area of supply.

Commission's View

The response of the Petitioner is noted.

3.27 Discrepancy in Tariff Slabs

Objection

It was represented earlier also before the Commission for having different tariffs at Ahmedabad and Surat. The tariff slabs are also different at Ahmedabad and Surat for various category of consumers.

Ahmedabad	Surat
First 50 Units	First 50 Units
Next 150 Units	Next 50 Units
Above 200 Units	Next 150 Units
	Above 250 Units

The Commission should implement single type tariff slabs for consumers at Ahmedabad and Surat to remove anomalies. It is suggested that the following four tariff slabs having to increased consumption of residential consumers with present life style.

Ahmedabad & Surat
First 50 Units
Next 150 Units
Next 200 Units
Above 400 Units.

This will be in line with paying capacity of consumers. The consumers having consumption above 400 Units/Month can afford to pay. The burden of revision of tariff slabs should not fall on consumer.

Response of TPL

While designing the proposed tariff, it has given due considerations to all the aspects including the consumer's capacity to pay. It may be noted that the proposed tariff slabs are telescopic in nature and hence, the consumers are required to pay higher tariff only for the units consumed in higher slabs. The Petitioner has endeavoured to design the tariff in accordance with the provisions of EA, 2003 read with National Tariff Policy.

Commission's View

While determining the Tariff the Commission takes also in to consideration the capacity to pay of the consumers.

3.28 Cost of Supply for FY 2010-11

Objection

The Petitioner has submitted details of cost of supply and actual recovery. Two additional parameters included in calculation of cost of supply is objectionable. They are Network Cost and Customer Service Cost.

The objection is to the calculation of cost of supply which has become like FPPPA calculation where inefficiencies of Petitioners is added. Therefore the Commission is requested to derive a formula for calculation of cost of supply. Normally HT, LTMD and Commercial consumers subsidize tariff of residential consumers and street lighting only.

Response of TPL

The Objector's observation is erroneous.

Regarding the computation of cost of supply, the cost of supply is segregated into three main components i.e. Power Purchase Cost, Network Cost and Customer Service Cost so as to arrive at correct level of cost of supply for each category. The methodology for calculation of cost of supply is detailed in the Petition.

Commission's View

The Commission has noted the response of the Petitioner.

3.29 Revenue Gap for FY 2014-15

Objection

The Commission is requested to avoid fall of heavy burden on consumers due to actual revenue gap of 2012-13 and proposed revenue gap of 2014-15.

ARR includes recovery of FPPPA charges @ 1.23 per unit. The objector objects to recovery of entire deficit in one go and should be divided over a period of five years to lessen the burden on consumers. The Petitioner should be directed to economise its expenses in order to reduce the deficit.

Response of TPL

The Petitioner has revised the ARR of FY 2014-15 based on the revised estimates of various items of expenses. In turn, based on the revised ARR and the estimated revenue based on revised sales of FY 2014-15, the Petitioner has arrived at the revenue gap of FY 2014-15. Accordingly, the Petitioner has proposed to recover this revenue gap of FY 2014-15 by way of tariff revision. The Petitioner would like to submit that its proposal is in line with the National Tariff Policy which mandates that the future consumers should not be loaded with the past costs. Further, if the Objector's suggestion of dividing the revenue gap over a period of five years is considered, it will lead to increase in the burden of the consumers as any delay in recovery of the revenue gap or part thereof will attract the carrying cost. Hence, the Petitioner requests the Commission to approve the tariff revision for FY 2014-15 as prayed for.

Commission's View

The objection/suggestion of objector and the response of Petitioner are noted.

3.30 The Cross Subsidy paid by Open Access Consumers is not adequate

Objection

Open Access consumers are getting power from other sources while maintaining their status with existing supplier by paying contract demand charges. These Open Access Consumers keep supplier's power as stand-by and availing power from Power Exchange etc.

At present these consumers pay cross subsidy surcharge which is much lower than current level of cross subsidy and this puts additional burden on small consumers of Gujarat. Hence the present cross subsidy surcharge is inadequate to meet cross subsidy. This results in increase in tariff for smaller consumers.

Response of TPL

The Petitioner appreciates the issue raised by the Objector.

The Petitioner has also detailed its concerns regarding the Open Access and made the suggestions to ensure that the retail consumers are not affected due to operationalization of OA mechanism. Regarding the adequacy of Cross Subsidy

Surcharge, the Petitioner has proposed the formula for computation of Cross-Subsidy Surcharge in its petition to ensure the recovery of actual level of cross subsidization in accordance with the EA, 2003. The Petitioner submits that it has dealt with the concerns of the Objector in its petition. The Petitioner requests the Commission to appropriately address the issues.

Commission's View

The objection/suggestion and response of the Petitioner are noted.

3.31 Purchase of Renewable Energy

Objection

Since last two years Petitioner is not able to purchase Renewable Energy as per RPO and Commission has been kind enough to waive off the penalty to avoid burden on consumers.

The Commission is therefore requested not to impose penalty as long as sufficient Renewable Energy is available in market. It is evident that higher quality of RPO puts additional burden on consumers. The objector is not against RPO but requests Commission to go slow in increase the quantum of RPO till sufficient wind and solar energy is available to DISCOMs.

Response of TPL

The Petitioner requests the Commission to consider the request of the Objector in the interest of all the stakeholders. The Petitioner is making all efforts to procure RE power. However, due to unavailability of RE power in the State of Gujarat, the situation of shortfall has arisen.

Commission's View

The suggestion of the objector and the response of the Petitioner are noted.

3.32 Electricity Duty

Objection

The Electricity Duty is quite high compared to other States. Though Commission has taken initiative to advise State Government to rationalise duty in Gujarat and Govt. of Gujarat has reduced duty, the rates of duty are quite high for Residential and Commercial consumers.

The Electricity Duty should be charged on consumption of units and not on ad valorem basis. Most of the States charge Electricity Duty on consumption basis.
The Commission is requested to direct State Government to reduce duty by 5% and charge on actual consumption of Residential and Commercial consumers.

Response of TPL

Duty is the subject matter of the State Government. The Petitioner collects the Electricity Duty as per the rates specified by the State Government. The Commission may consider the suggestion of the Objector appropriately.

Commission's View

The Commission agrees with the response of the Petitioner.

3.33 Difference between ARR data and Annual Account

Objection

The ARR data do not reflect the figures as per Annual account reports. The peculiarity of the accounts of electricity companies are not noticed by Accounts Audit parties. In case of retail electricity supply companies the line cost is recovered from consumer. This is the property of company. This shall be directly considered as profit. Apart from above the interest on loans is to be calculated as profit and adjusted against net finance costs.

In the note 15 of annual Accounts of year 2012-13, revenue from operations is Rs 3569.12 Crore, while in the Table 30 of ARR it is Rs. 3452.44 Crore. The difference is Rs 117.68 Crore.

There is no reference of security deposit amount in the cash flow statement of annual report 2012-13. As such allowance of interest on running Capital in the form of security deposit is not admissible.

The Revenue from operations note is made in brief and following items are not accounted separately

1. Delay payment charges
2. Additional/ theft bills recovery

Response of TPL

The petition and the Annual Report/ Statement of Accounts are prepared under the different Statutes. All the required information in accordance with the GERC (MYT) Regulations, 2011, is provided in the Petition.

There is no discrepancy between the figures of revenue from sale of energy in the Petition and Statement of Accounts. The difference in the figure is due to difference in presentation of data i.e. Prompt Payment Discount is netted off in the sales revenue instead of showing it as separate item of expense. The reconciliation of revenue as per Accounts and in the Petition is furnished.

Commission's View

The response of the Petitioner is noted.

3.34 Variation of Surplus and Reserve between Cash Flow Statement and Balance Sheet

Objection

When the figures of Surplus & Reserve, Accumulated Depreciation, Security Deposit & Current Assets mentioned in the Balance Sheet and Notes are compared with that of Cash Flow Statement, it is found that these figures are not tallying with the Cash Flow Statement of the Company.

Response of TPL

The Cash flow Statement is prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India under the provisions of the Companies Act, 1956 and duly certified by the Statutory Auditors of the Company. The allegation of the Objector is baseless.

Commission's View

The response of the Petitioner is noted.

3.35 Variation of Equity mentioned between the figures in the Petition and the statement of accounts of the Balance Sheet

Objection

The equity at beginning of year is Rs. 1233.25 whereas in ARR it is Rs. 1015.38 Cr, Similarly at the end of year it is Rs. 1162.23 Cr. in balance sheet and Rs. 1060.70 Cr. in ARRs. There is difference of Rs. 101.53 Cr.

There can be no objection to taking away or reducing equity but we do not find the details in ARRs and annual reports that under what head a sum of Rs. 233.17 Cr. is accounted in ARRs and annual reports.

The booking of return on equity is not done correctly in ARRs

At the beginning of year equity is Rs. 1015 Cr. by adding return on calculating is found to be Rs. 138.97 Cr.(Rate of return considered 13.69 % from table 20 of petition) So the ROE is accounted 6.46 Cr. more than actual in the ARR.

The equity at the end of year is Rs. 1162 Cr. in Balance Sheet and Rs. 1060.70 Cr. This is how torrent Ahmadabad has not only taken away sum around Rs. 100 Cr. in annual report. Shown less equity in ARR and in addition booked Rs. 6.46 Crore on this amount.

Response of TPL

The Statement of Accounts consisting of the Balance Sheet can in no way be related to the present petition since the petition and the Statement of Accounts are prepared under the different Statutes. Further, the RoE has been computed in accordance with the provisions of Regulation 38 of the GERC (MYT) Regulations, 2011.

Commission's View

The response of the Petitioner is noted.

3.36 Interest on Working Capital to be disallowed

Objection

The funds available are Rs. 1254.028 Cr. (Ahd.) & Rs. 587.22 Cr. (Surat) for which details are not available in the table 18 of tariff petition. Normative working capital is required as 60.64 (Ahd.) & 10.62 Cr. (Surat) per annum as per Table 18 of ARR.

Also it is required in light of daily power purchase and sales figures the net available fund figures may be used for this purpose. Hence the interest on working capital is to be disallowed.

Response of TPL

The interest on working capital has been claimed in line with the provisions of Regulation 41 of the GERC (MYT) Regulations, 2011.

Commission's View

The interest on working capital is approved as per GERC (MYT) Regulations, 2011.

3.37 Interest on Security Deposits

Objection

There is a difference in the interest on security deposit passed on to the consumers and that claimed by the Petitioner.

Response of TPL

The amount of Rs. 12.84 Crore is the amount of interest on working capital and not the interest on security deposit. Further, the Petitioner has claimed Rs. 26.60 Crore as the interest on the security deposit in line with the provisions of the Act and Regulation.

Commission's View

The response of the Petitioner is noted.

3.38 Depreciation

Objection

The depreciation accounted for lines, cables and transformers is 368.14 Cr. (Ahd.) & 137.53 Cr. (Surat) This is on account of consumers' money and shall be given credit in ARRs.

As per 2012-13 annual report the service line cost recovered from consumers is Rs. 347.53 Cr. (Ahd.) & 63.64 Cr. (Surat). Why the sum of Rs. 14.97 Cr. (Ahd.) & 3.24 Cr. (Surat) is transferred to profit and loss statement. This makes ARR fictitious.

Pending various replies from Torrent Power it is considered that this full depreciation sum shall be given credit to ARRs. This has nothing to do with total deprecation sum as this depreciation sum is on account of amount paid by consumers.

Response of TPL

The depreciation is an eligible item of expense in computation of ARR as per the provisions of the GERC (MYT) Regulations, 2011. Further, the total depreciation for the year is reduced to the extent of assets financed through Service Line Contribution as the Petitioner does not charge the same as depreciation to P&L. Thus, the Petitioner refutes all allegations in this regard.

Commission's View

The response of the Petitioner is noted.

3.39 Receivables

Objection

Receivables are the sum due at the end of financial year, which change per day by daily transactions, as such sum of receivables i.e. Rs. 332.9 Cr. (Ahd.) & 137.8 Cr. (Surat) shall be added to ARR Credit.

Response of TPL

The ARR Computation is to be carried out in the accordance with the GERC (MYT) Regulations, 2011. Further, the amount of Receivables is already included in the Revenue and accordingly the same gets factored in the gap calculation. Hence, the suggestion of Objector does not merit any consideration.

Commission's View

The response of the Petitioner is noted.

3.40 Revenue from Open Access Business

Objection

Table 10 of petition shows revenue of surplus power for 2014-15 as 56.02 Cr. as proposed.

No mention of Open Access business is shown in annual report of 2012-13 viz. Purchase/sale status, credit of amounts received under different subheads i.e. cross subsidy, registration, and line loss charges as per provisions of GERC Open Access regulations. Credit of line loss units and revised line loss statement, energy balance etc.

Response of TPL

The Open Access has become operational in the license area of the Petitioner from FY 2013-14. Accordingly, there is no effect to be considered in the truing up petition for FY 2012-13.

Commission's View

The response of the petitioner is noted.

3.41 There should be surplus for FY 2012-13 and not gap

Objection

Based on our analysis, the Petitioner has Surplus instead of gap for FY 2012-13.

Response of TPL

The ARR figures considered by the Objector are not in accordance with the provisions of the GERC (MYT) Regulations, 2011 and hence ought to be rejected. The Petitioner submits that it has computed the ARR and arrived at the Gap in accordance with the provisions of the GERC (MYT) Regulations, 2011. Further, the fixed charges are being recovered in accordance with the tariff orders issued by the Commission from time to time.

Commission's View

The Gap is arrived at by the Commission, after due scrutiny of the expenditure and revenue items and according to the Regulations based on audited account for the year.

3.42 Figures in Form D4 & D5 do not match

Objection

The estimates submitted by the Petitioner should be validated. Figures mentioned in Form D4 & D5 do not match and random figures have been considered.

Response of TPL

The Petitioner has furnished all the information pertaining to the estimates of each component of ARR along with revenue computation for FY 2014-15 at existing tariff in the D-4 form. Based on the above, the revised estimates for ARR for FY 2014-15 and the revised gap for FY 2014-15 has been computed at Table No. 32 of the petition. The Petitioner submits that there is no discrepancy in Form D4 and Form D5.

Commission's View

The response of the Petitioner is noted.

3.43 Reduction in Tariff to be considered

Objection

The Commission is requested to consider reduction in tariff.

Response of TPL

The Petitioner has filed the petition for true-up of FY 2012-13 and revised the ARR for FY 2014-15 based on revised estimates of various expenditure heads in line with the GERC (MYT) Regulations, 2011. Based on the trued up gap of FY 2012-13 and the revenue gap of FY 2014-15, the Petitioner has submitted the proposal to recover these revenue gaps.

Commission's View

The decision on Tariff is considered after due scrutiny of expenditure items and according to Regulations.

3.44 To be Audited by CAG

Objection

It is suggested that the Petitioner's Accounts for the FY 2012-13 should be audited by the CAG.

Response of TPL

The Petitioner prepares & maintains the accounts in accordance with the Accounting standards issued by the ICAI under the provisions of the Companies Act. Further, the Petitioner has appointed a reputed firm as the Statutory Auditor of the Company. The Petitioner has also furnished the segregated accounting statements duly certified by the Statutory Auditors of the Company along with the petition. The same is in accordance with the provisions of the Regulations notified by the Commission.

Commission's View

The response of the Petitioner is noted.

3.45 Expenditure carried out to be audited

Objection

Commission is requested to carry out an audit on the expenditure carried out by the Petitioner.

Response of TPL

The Petitioner has furnished all the details of the expenses incurred in its petition in line with the GERC (Multi-Year Tariff) Regulation, 2011. The Petitioner prepares and maintains the accounts in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. Further, the Accounting Statement of the Petitioner is prepared in line with the Companies Act, 1956 and duly audited by the Statutory Auditor of the Company.

Commission's View

The Commission agrees with the response of the petitioner.

3.46 Investments in other Businesses

Objection

The Petitioner is making investments in its other businesses but the cost gets loaded to the consumers of Ahmedabad & Surat license area.

Response of TPL

The Petitioner refutes such baseless allegations and would like to clarify that separate accounts are being maintained for its regulated business and the same has been made available, duly certified by the Statutory Auditors' of the Company, along with the petition. All the activities carried out by the Petitioner are in conformity with the law.

Commission's View

The response of the Petitioner is noted.

3.47 Increase in Losses despite network improvement

Objection

Despite incurring expenditure for network improvement, the losses are increasing.

Response of TPL

The Petitioner has made investments to cater to consumers' load demand and to provide reliable and quality supply to its consumers. It may be noted that the augmentation, up gradation and modernization made in the network have helped the Petitioner in reducing and containing the T&D losses in addition to meeting the load growth and maintaining / enhancing the system reliability.

Commission's View

The Commission agrees with the response of the Petitioner.

3.48 Power Purchase Cost from its own generation

Objection

The power purchase cost incurred by the Petitioner for sourcing power from its own generation has to be disallowed by the Commission. Instead, the power may be procured from Short-Term power purchase sources, whose rates are less.

Response of TPL

The Petitioner is entrusted with the obligation of supplying electricity in its area of supply i.e. Ahmedabad/Gandhinagar and Surat. The State and Central Commission's Regulations specified under the EA, 2003 stipulate for long term commitment of 25 years between the generator and distribution licensee for supply of electricity at regulated tariff irrespective of market fluctuations of cost recovery as well as volatility of merchant prices of power. Accordingly, the Petitioner has entered into the long term arrangements for sourcing of power including setting up of its own generation capacity in order to fulfil its universal supply obligation. The generating station has two part tariff structure i.e. Capacity Charge and Energy Charge, for recovery of total cost. The distribution licensee is liable to pay the fixed cost spread over the 25 years in accordance with the provisions of the Regulations irrespective of the level of utilization.

At present, the Petitioner's gas based plants are not being fully utilized because domestic gas is not being allocated due to lower availability of domestic gas in the scenario of unexpected reduction in production of gas from KG basin. These are the factors which are beyond the control of the Petitioner. Further, the GoI is making all possible efforts to address this Short-Term situation. It may be noted that the Petitioner's purchase arrangements are with long term approved source of power for 25 years and accordingly, the Short-Term issue of non-availability of gas needs to be seen in long term perspective. Further, the determination of capacity charges and its payment is in accordance with the Regulations of the Commission.

Regarding the Objector's suggestion to source power from Short-Term sources, the Petitioner would like to submit that it makes necessary arrangement to meet the deficit in power supply with necessary business prudence. Further, these short-term arrangements are also being made in accordance with the provisions of the Regulations & guidelines issued by the Commission.

Commission's View

The response of the Petitioner is noted.

3.49 Variation in Power Purchase with respect to the MYT approved sources to be disallowed

Objection

The variation in power purchase with respect to the MYT approved sources is objectionable and the Commission is requested to disallow it.

Response of TPL

The variation in the approved power purchase plan is mainly on account of uncontrollable factors i.e. lower availability of Gas form KG basin and reduction in sales estimates. The reduction in off take from SUGEN would require the Petitioner to purchase power from other sources. The Petitioner is making all efforts to source power at competitive rate but the cost of power purchase depends upon various factors including quantum, period and market conditions. The Petitioner further states that the variation in the fuel and power purchase cost are beyond the control of the licensee. This situation is prevalent throughout the country. The Commission in its GERC (MYT) Regulations, 2011, has considered the power purchase cost as the legitimate item of expense and hence the same is being and has to be allowed as per actuals after prudence check.

Commission's View

The Commission agrees with the response of the petitioner.

3.50 Recovery of Fixed Cost of SUGEN

Objection

The Petitioner recovers the fixed cost of SUGEN through SUGEN has not signed the agreement for Fuel supply and transportation.

Response of TPL

SUGEN has signed the necessary gas supply and gas transmission agreements. Accordingly, SUGEN has commenced its operation since 2009. SUGEN supplies electricity to TPL-D at regulated tariff. Thus, it is incorrect to state that SUGEN has not signed the gas supply or transmission agreements. The recovery of fixed cost is in accordance with the approved tariff. The allegations are baseless and refuted.

Commission's View

The response of the Petitioner is noted.

3.51 The estimation of expenditure is unrealistic

Objection

The estimation of expenditure by the Petitioner against its need is unrealistic. The Objector has suggested that considering the competition ushered in the EA, 2003, there should be reduction of tariff, whereas the Petitioner and other Distribution companies have sought increase in tariff.

Response of TPL

The Commission has approved the ARR for the control period from FY 2011-12 to FY 2015-16 as per the MYT order in Case No. 1092 of 2011 dated 6th September, 2011. This was based on the Petitioner's projections at the beginning of the MYT control period and estimates based on past trends. However, material changes have taken place and ARR is required to be revised based on the revised estimates of sales, change in power purchase and capital investment plan, etc. Based on the revised ARR and the estimated revenue from the revised sales projection, the Petitioner has estimated the revenue gap for FY 2014-15 for tariff revision. The Petitioner has furnished the necessary details for estimating each component of ARR in its proposal as per the provisions of the GERC (MYT) Regulations, 2011. Thus, the Objector's allegation is baseless.

Commission's View

The ARR is approved after due scrutiny and prudence check of the expenditure items and according to GERC (MYT) Regulations, 2011.

3.52 The Balance Sheet is not as per GERC (MYT) Regulation 2011

Objection

The Balance Sheet furnished by the Petitioner is incorrect and not as per the GERC (MYT) Regulations, 2011.

Response of 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 provisions of the Companies Act, 1956. The Petitioner has furnished the separate Accounting Statements, duly certified by the Statutory Auditors' of the Company for the FY 2012-13 in accordance with the statutory provisions.

Commission's View

The response of the Petitioner is noted.

3.53 Recovery of expenses of its other business from the consumers of Ahmedabad and Surat areas

Objection

The Petitioner is recovering the expenses of its other businesses from the consumers of Ahmedabad & Surat license area.

Response of TPL

The Petitioner refutes the allegations and submits that it maintains separate Accounts for each of its regulated businesses in accordance with the Accounting Standards. The Petitioner has filed the Petition under Section 62 and 64 of the Electricity Act, 2003 read with GERC (Multi-Year Tariff) Regulations, 2011 for its generation facilities at Ahmedabad and distribution business of Ahmedabad and Surat Supply Area. These baseless allegations are therefore emphatically denied

Commission's View

The response of the Petitioner is noted.

3.54 Not to allow Legal Fees and Fees for Consultancy

Objection

The Commission is requested to not to allow the legal fees and fees for consultants to prepare the petition to be included in the ARR.

Response of TPL

The O&M expenses are to be approved and allowed in accordance to the GERC (MYT) Regulations, 2011.

Commission's View

The response of the petitioner is noted.

3.55 Cost Benefit Analysis

Objection

The Commission is requested to direct petitioner to submit the cost benefit analysis for investment made in the last five years to the consumers. The misappropriation and manipulation in accounts and investment has increased the network cost by more than double in past five years.

Response of TPL

The Petitioner has made the necessary investment in the past years to cater to the demand. The Petitioner further states that the network/distribution cost is almost at the same level in the last few years barring the impact of inflation.

Commission's View

The Commission has approved the investment for augmentation of network after prudence check.

3.56 Reduction in Sales

Objection

The Petitioner has claimed that there is acute financial constraint to augment the network for meeting the growth in demand which is in contradiction with the Petitioners submission regarding the reduction in sales.

Response of TPL

The growth in sales figure are on account of the reduction in utilization level of the overall demand of license area whereas network augmentation is required to support the infrastructure development and up gradation of the existing infrastructure to cater to demand of the consumer. The Petitioner further clarifies that reduction in the utilization level can be mainly attributed to lack of demand in commercial sector and downturn of industries coupled with the purchase of power by HT consumers under Open Access. However, the Petitioner is required to release connections.

Commission's View

The Commission has noted the response of the Petitioner.

3.57 Pooled Power Purchase is not justified

Objection

The pooled power purchase for Ahmedabad and Surat supply areas is not justified as both are different license areas.

Response of TPL

The same is in accordance with approved pooled power purchase arrangement for Ahmedabad and Surat License area in the MYT Order.

Commission's View

The Commission has considered that pooling the quantum of Power Purchase for Ahmedabad and Surat supply area will optimize the power purchase cost, load management etc.

3.58 Demand Charges of HTMD Consumers

Objection

If the demand charges in a two part tariff are set at a higher level, the energy conservation measures as envisaged under the tariff policy will not be materialized, as there will be lesser incentive for the consumers in reducing their energy consumption. A high component of fixed monthly demand charges in comparison to the variable monthly energy charges in the tariff will make investments in energy conservation and energy efficiency measures of the consumers commercially unviable.

Further, the demand charges were already increased in FY 2013-14. Therefore, it is humbly submitted that no further increase in demand charges be allowed for the HTMD category. Any further need for increase in revenue requirement, including any need for enhancing the recovery of fixed costs of the licensee may be met through an increase in energy charges instead of demand charges, so as to encourage efficient use of electricity and to promote DSM measures. Similarly, if any reduction of tariff is possible, the same may be put into effect through a reduction in demand charges.

The proposed tariff is-skewed unfavourable on the consumers who are having a lower consumption as they will be paying a higher demand charges disproportionate to their energy consumption in comparison to consumers who are having a higher consumption. It is requested that such a tariff structure wherein in the same tariff category, consumers who have lower consumption are charged at a higher rate shall not be approved by the Commission.

Further, considering that true-up of ARR is being made on a regular basis, all the legitimate costs of the licensee are passed over to the consumers through tariff determination and true-up exercises. Therefore there is no rationale for an increase in demand charges and decrease in energy charges as proposed by the Distribution Licensee.

Response of TPL

The Objector's objection is not in consonance with the essence of the statutory provisions of the tariff contained in the EA, 2003. The determination of fixed charges should be in accordance with the provisions of Section 45 of the Act and the Tariff Policy. Ideally, the fixed charge component of tariff should recover the entire fixed cost incurred by the licensee for providing services to its consumers and is in line with the standard tariff philosophy of Two Part tariff. The consumer is required to pay for the services made available irrespective of lower utilization else it amounts to cross subsidization i.e. though capacity is created to serve the particular consumer but the same is to be borne by other retail consumers. The same is against the provisions of the Act. The submissions of the Objector therefore needs to be considered also in light of Open Access issues.

The consumer with demand of above 1 MW is allowed to buy power from other than the Distribution licensee including the power exchange by relying on GERC (Open

Access Regulations), 2011. Due to lower fixed charges, the consumer above 1 MW maintains the status of retail consumer of the licensee and utilizes the retail connection as standby facilities without paying the total fixed cost to the licensee. The Petitioner submits that if a consumer after availing Open Access does not utilize the booked capacity and if the recovery of fixed charges is to be recovered from energy charges as per existing tariff structure, then there would be under-recovery of fixed cost from such OA consumers. This in turn would be borne by the other retail consumers of the licensee at the time of truing up which is against the intentions of the Section 42 (2) (3) of the Electricity Act, 2003. The Section 42(3) of the Act itself contemplates “non-discriminatory” Open Access.

The Objector’s observation, based on para 8.4 of the Tariff Policy, that increase in fixed charges would make the investments in energy efficiency and energy conservation unviable is erroneous. The Tariff Policy provides for the tariff structure which encourages the flattening of the peak. When demand charges reflect the fixed cost, the consumers would be encouraged to make efforts to reduce the peak demand by shifting the load from peak hours to off-peak hours and by utilizing the energy efficient equipment to reduce overall demand. Thus, the increase in demand charges would aid the purpose of demand side management as consumer will be motivated to maintain the uniform load which would help to flatten the load curve. Thus, the proposal to rationalize the demand charges is in accordance with the provisions of Tariff Policy.

Commission’s View

The response of the Petitioner is noted.

3.59 Open Access consumers continuing to maintain their CMD and paying demand charges

Objection

The fact that most of the Open Access consumers continue to maintain their contract demand and continue to pay demand charges may also be taken into account by the Commission while determining wheeling charges. Such consumers are already paying a portion of the network charges through their monthly demand charges.

Response of TPL

The existing tariff structure does not allow recovery of full fixed cost through the fixed charges. Accordingly, the balance fixed cost is being recovered through the energy charges. Thus, Open Access consumer maintains the contract demand with the licensee to utilize the contract demand with the licensee as standby facility and sources power from the exchanges. The Petitioner has proposed rationalization of demand charges to avoid any burden on other retail consumers in case of under-utilization of the capacity booking retained with the licensee.

Commission's View

The Commission has noted the response of the Petitioner.

3.60 Considering transmission charge in the determination of Cross Subsidy Surcharge

Objection

When a consumer opts for Open Access, the Distribution Licensee avoids payment of transmission charges for the energy consumed by him, especially in the surplus power scenario as claimed by the Licensee. Therefore the transmission charges shall be considered as part of avoided cost while determining Cross Subsidy Surcharge.

The cost of the distribution licensee to supply electricity to the consumers consist of power purchase charges paid to Generators, Transmission Charges paid to CTU and STU, Transmission Losses applicable to use of CTU and STU lines, and Distribution Licensee's own charges and losses. Therefore Transmission charges being an integral part of the licensee's cost to supply electricity, the same will also have to be considered while calculating Cross Subsidy Surcharge. Transmission charges paid by the Distribution Licensee is a component of its ARR, and due to Open Access the Distribution Licensee's own payables towards transmission charges will decrease which has to be considered in the avoided cost methodology of Cross Subsidy Surcharge computation as given in NTP 2006.

If transmission charges are not made part of power purchase cost, the same has to be considered as part of wheeling charges. This methodology is adopted by the Kerala SERC.

The end effect of both these approaches is to ensure that effect of avoidance of payment of transmission charges by the Distribution Licensee due to a consumer moving to Open Access is also reflected in the Cross Subsidy Surcharge. Failure to do so will cause recovery of transmission charges from OA consumers through Cross Subsidy Surcharge even though the Distribution Licensee does not incur transmission charges of these OA consumers, thereby leading to excess payment by the OA consumers to the Distribution Licensee.

Further, OA consumers will be paying transmission charges for their actual procurement of power, which means that they will be paying transmission charges twice.

Response of TPL

The transmission charges are the long term charges based on the capacity booked with the transmission licensee for sourcing of power. The transmission charges have to be paid at the rate determined by the Commission or the Central Commission irrespective of the level of utilization or drawal by the distribution licensee. Accordingly, the contention of the Objector is erroneous that such charges are avoidable. Further, the suggestion, to revisit the formula on the basis of avoided cost method for calculation of Cross Subsidy Surcharge, cannot be part of the present proceedings. It is also pertinent to note that the Objector approbates and reprobates on this issue.

Further, the reliance is made on KERC Tariff Order, wherein transmission charges has been considered in place of wheeling charges for EHV consumers and Transmission plus wheeling Charges considered in place of wheeling charges for HV consumers. In this regard, the Petitioner would like to submit that “Transmission” and “Wheeling” charges are defined separately in the Act and cannot be used interchangeably. The Tariff Policy specifies the consideration of wheeling charges for computation of cross subsidy surcharge. Notwithstanding the above, the KERC order cannot have any bearing in the present proceedings as it is under different Regulation.

The Objector has further contended that Open Access consumers will be required to pay the transmission charges for their actual procurement of power under Open Access. In this regard, the Petitioner would like to submit that any Open Access user including the distribution licensee, who wishes to have any Short-Term Open Access, is required to pay Short-Term Open Access charges for collective/ bilateral transaction in addition to any long/ medium term access availed in accordance with the applicable Regulations. Further, the Open Access is always given with reference to specific injection & drawal point except the collective transactions being carried out by the Power Exchange. Accordingly, all Open Access users are required to pay the transmission charges in accordance with the applicable Regulations.

Commission's View

The response of the Petitioner is noted.

3.61 Common Open Access Charges in the State

Objection

The Commission has approved CSS and Wheeling charges of all distribution licensees in the State for FY 2013-14 in such a manner that aggregate of CSS and wheeling charges is the same throughout the State. However it is submitted that such equalization of Open Access charges benefits only the licensees rather than the consumers. Further, CSS and wheeling charges are to be determined as per the Regulatory provisions and the equalization of Open Access charges does not seem to be supported by any regulatory provisions. Therefore it is requested that the Commission may determine Open Access and wheeling charges as per the regulatory provisions without trying to equalize the Open Access charges in the state.

Response of TPL

The Objector has stated in para 2.4.3 of its submission that total of CSS and Wheeling Charges of the Petitioner should not be higher than total of CSS and Wheeling Charges of DGVCL, UGVCL, MGVCL and PGVCL on the ground of level playing field for the Open Access consumers. However, in (para 3.3), the Objector has stated that the equalization of wheeling charges & cross subsidy surcharge across the State is not supported by Regulatory provisions.

The contention of the Objector at the referred paras is contradictory to each other.

Commission's View

The objection is noted. The commission has taken appropriate decision.

3.62 Calculation of Average Tariff 'T' for the determination of Cross Subsidy Surcharge

Objection

While calculating average tariff 'T' for the determination of CSS, it is requested that a distinction be made between Open Access consumers who have surrendered their contract demand and Open Access consumers who continue to maintain their contract demand with the Distribution licensee. In the latter case, there is no loss of demand charge on account of them opting for Open Access. Loss of revenue from demand charges occurs only in the case of Open Access consumers who have surrendered their contract demand. Therefore in case of Open Access consumers who have not surrendered their contract demand, T may be calculated as the average applicable energy charges only.

Response of TPL

The suggestion of the Objector would amount to dilution of the mandate under Section 42 of the EA, 2003 for payment of cross subsidy surcharge. Separate categorization on the basis of retention of contract demand with a distribution licensee by the Open Access consumer is an irrelevant factor in terms of the mandate for payment of cross subsidy surcharge upon obtaining Open Access.

Commission's View

'T' is considered for the consumer categories in general as per approved tariffs and not for specific consumers.

3.63 The additional information supplied by Petitioner is not as per legal procedure

Objection

The additional information supplied by the Petitioner to the Commission as mentioned in TO No. 914/2007, No. 939/2009, No. 966/2009 and No. 988/2010 is not as per the legal procedure under affidavit as per clause 28 (1) of GERC (Conduct of Business) Regulations, 2004.

Response of TPL

The tariff determination is complex and requires detailed exercise under the Regulatory Regime. The Commission is not under any limitation to call for any additional information on various aspects from a utility. The same is well within the powers conferred on the Commission under provisions of the Regulations.

Commission's View

The Commission can call for any additional information required for proper analysis of the contents of the Petition.

4. Truing up of FY 2012-13

4.0 Introduction

This chapter of the order deals with the truing up for FY 2012-13 for TPL-D, Ahmedabad.

The Commission has studied and analysed each component of the ARR for the FY 2012-13 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 2012-13, 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 2012-13 for Ahmedabad Area

(MU)

Category	As per MYT Order for FY 2012-13	Category	Actuals for FY 2012-13 *
Residential	2055	RGP	1965.19
Commercial	1161	Non RGP	814.41
LTP	315	LTMD	1487.02
LTMD	981	HT	1701.24
HT	1545	HT Pumping	103.84
HT Pumping	108	Others	84.93
Others	72		
DoE Units	-		
Total	**6237**		**6156.64**

** submitted by the Petitioner vide e-mail dated 4th February, 2014.*

The actual sales come to 6156.64 MU in the Ahmedabad area for FY 2012-13, as against 6237 MU considered in the MYT Order.

Commission's Analysis

The Commission, in the MYT Order dated 6th September, 2011, had considered the estimated sales of 6237 MU for Ahmedabad area for FY 2012-13. The actual energy sales in Ahmedabad area were 6156.64 MU, which were lower (by 80.36 MU) than the estimated sales considered by the Commission in the MYT Order.

The Commission approves the energy sales totalling 6156.64 MU for Ahmedabad area for truing up for FY 2012-13.

4.2 Distribution Losses

Petitioner's submission

The TPL has submitted that the actual distribution loss was 7.25% in the Ahmedabad area for FY 2012-13. The distribution loss approved in the MYT Order for FY 2012-13 and the actuals for FY 2012-13 are given below:

Table 4.2: Distribution loss for FY 2012-13

(%)

Particulars	As per MYT Order for FY 2012-13	Actual
Distribution Loss	8.50	7.25

It has been submitted by TPL-D (Ahmedabad) that it has been making all efforts to contain the distribution losses and consequent to the efforts, it has maintained the distribution losses below the level laid down by the Commission in its MYT Order.

Commission's Analysis

The Commission has observed that the actual distribution losses (in %) in FY 2012-13 is lesser than the approved distribution losses in the MYT order. **The Commission approves the Distribution losses at 7.25% for Truing up for FY 2012-13.**

4.3 Energy Requirement and Power Purchase

Petitioner's submission

TPL-D has submitted that it sources power collectively for its Ahmedabad and Surat license areas from its own plants at Sabarmati and Vatva-termed as TPL-G (APP), SUGEN Plant, Renewable Energy and other sources and the same has been apportioned between Ahmedabad and Surat on the basis of power drawn.

Accordingly, the 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 discussed below.

Energy Requirement for Ahmedabad and Surat Areas

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

Table 4.3: Energy Requirement of TPL – D Ahmedabad and Surat for FY 2012-13

Sl. No.	Particulars	MYT Order	Actual
1	**Ahmedabad Supply Area**		
2	Energy Sales (MU)	6237.00	6156.64
3	Distribution Losses (%)	8.50%	7.25%
4	Distribution Losses (MU)	579.39	481.11
5	Energy input at the Distribution level (MU)	6816.39	6637.75
6	Transmission Losses (MU)	182.99	150.02
7	**Energy Requirement (A)**	**6999.38**	**6787.77**
8	**Surat Supply Area**		
9	Energy Sales (MU)	3385.00	3143.79
10	Distribution Losses (%)	5.15%	4.20%
11	Distribution Losses (MU)	183.79	137.69
12	Energy input at the Distribution level (MU)	3568.79	3281.48
13	Transmissions Losses (MU)	34.31	41.41
14	**Energy Requirement (B)**	**3603.10**	**3322.89**
15	**Total energy Requirement (A+B)**	**10602.48**	**10110.66**

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, and wind energy for meeting RPPO obligation and other sources such as bilateral purchase / power exchange. The source-wise power procured for TPL-D is provided in the Table below:

Table 4.4: Energy Availability (Net) for FY 2012-13 for TPL-D supply Area (Ahmedabad and Surat)

(MU)

Sl. No.	Energy Sources	MYT Order	Actual
1	TPL – G (APP)	3072.95	2698.17
2	TPL – G (SUGEN)	6173.76	3547.90
3	GUVNL / Bilateral	858.00	2156.67
4	Power Exchange	292.56	1749.31
5	Renewable Energy	725.73	228.97
6	Sub-Total	11123.01	10381.01
7	Less: Sales of Surplus Power / UI	(520.53)	(270.36)
10	**Total**	**10602.48**	**10110.66**

The quantum of UI power on account of deviation from the schedule purchase has been adjusted from the total energy procured. The power purchase from power exchange is mainly intended to cover the shortfall in power supply**.**

The Petitioner has also made the following submissions:

Due to reduced availability of gas in KG basin, the Government of India has reduced the allocation of domestic gas. The utilisation of gas generation facilities, though available, mainly depends on the contracted sources of supply. Despite the availability of generation facilities, the Petitioner had to source from bilateral and power exchange to cater to the demand of its consumers. Accordingly, there is variation in off take from SUGEN and Vatva Generation facilities. This variation is uncontrollable, since it is beyond the control of the Petitioner.

Power Purchase Cost for Ahmedabad and Surat Areas

The TPL-D has submitted that power purchase depends on energy sales, distribution losses, energy requirement and the availability of energy. Hence, there is variation in the power purchase cost, compared to the amount laid down in the MYT Order. The cost of power purchase from various sources as provided by TPL-D, is given in the Table below:

Table 4.5: Power Purchase Cost for TPL-D supply Area for FY 2012-13

(Rs. Crore)

Sl. No.	Energy Sources	MYT Order	Actual
1	TPL – G (APP)	1077.85	1186.45
2	TPL – G (SUGEN)	2058.65	2098.50
3	GUVNL	388.32	938.99
4	Power Exchange	163.54	684.18
5	RPO /Wind Energy	379.17	73.52
6	REC	-	54.92
7	**Total**	**4067.53**	**5036.56**

Out of total power purchase cost of Rs. 5036.56 Crore, TPL claimed Rs. 3366.53 Crore for Ahmedabad distribution area and the balance for the Surat distribution area.

Commission's Analysis

Energy Requirement

The energy requirement for Ahmedabad area submitted by the Petitioner for FY 2012-13 along with energy requirement of MYT Order, has been examined. The actual energy sale is lower than that approved in the MYT Order. Same is in case of T&D losses. The lower sales and lower distribution losses have resulted in the reduction of energy requirement during FY 2012-13. The distribution losses approved in MYT Order were as 8.50% (579.39 MU) and the actual distribution losses achieved is 7.25% (481.11 MU). The total energy requirement, being the sum of energy sales and transmission and distribution losses, was 6787.77 MU for FY 2012-13.

The Commission, accordingly, approves the energy requirement of Ahmedabad distribution area at 6787.77 MU for truing up for FY 2012-13, as summarised 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 a collective basis. TPL has purchased power from TPL- G (APP), TPL –G (SUGEN), GUVNL, Power exchange, RPPO / wind energy to meet the requirement of Ahmedabad and Surat areas. All the sources have been listed as approved sources of power in the MYT Order. TPL has made Short-Term purchase of power (3905.98 MU) from GUVNL and power exchange, as against 1150.56 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 270.36 MU of energy under sale of surplus/ UI (Unscheduled Interchange).

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

Table 4.6: Approved Source-wise Power purchase for Truing up for FY 2012-13 for TPL-D

(MU)

Sl. No.	Energy Sources	As per MYT Order	Actual
1	TPL – G (APP)	3072.95	2698.17
2	TPL – G (SUGEN)	6173.76	3547.90
3	GUVNL	858.00	2156.67
4	Power Exchange	292.56	1749.31
5	RPO /Wind Energy	725.73	228.97
6	Sub-Total	11123	10381.01
7	Less: Sales of Surplus Power / UI	520.53	270.36
8	**Total**	**10602.48**	**10110.66**

Out of total power purchase of 10110.66 MU, the requirement of Ahmedabad license area is 6787.77 MU, as can be seen from Table 4.3 above.

Power Purchase Cost

The actual power purchase cost for FY 2012-13 as submitted by TPL, along with power purchase cost approved in the MYT Order, is given in the Table 4.5.

Table 4.7 (a): Power Purchase Cost as approved in MYT Order and actual claimed for TPL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Energy Sources	As per MYT Order	Actual
1	TPL – G (APP)	1077.84	1186.45
2	TPL – G (SUGEN)	2058.65	2098.50
3	GUVNL / Bilateral (including transmission cost of 15.09 Crore)	373.23+15.09	938.99
4	Power Exchange	163.50	684.18
5	RPO	379.17	73.52
6	REC	-	54.92
7	**Total**	**4067.48**	**5036.56**

The consolidated cost of purchase of power for TPL-D for FY 2012-13 as per Audited Accounts of Ahmedabad and Surat distribution area, is Rs. 5029.67 (3361.61+1668.06) Crore.

Commission's Analysis

The commission has approved the generation cost of Ahmedabad Power Plant at Rs. 1172.81 Crore in the truing up for FY 2012-13. On a query from the Commission, TPL vide its e-mail dated 24th March, 2014 has clarified that Capacity charge of SUGEN for untied capacity with TPL-D was not allowed to extent of Rs. 19.99 Crore by the Commission under FPPPA, which need not be considered in the True-up. Accordingly, Commission considers the SUGEN power purchase cost of Rs. 2078.51 Crore in True-up for FY 2012-13. The power purchase cost in respect of other sources has been considered as particulars claimed by TPL. Accordingly, the power purchase cost has been considered as detailed in the Table below:

Table 4.7 (b): Power Purchase Cost as approved in MYT Order and approved for TPL-D in the Truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Energy Sources	As per MYT Order	Approved in the truing up for FY 2012-13
1	TPL – G (APP)	1077.84	1172.81
2	TPL – G (SUGEN)	2058.65	2078.51
3	GUVNL / Bilateral (including transmission cost of 15.09 Crore)	388.32	938.99
4	Power Exchange	163.50	684.18
5	RPO	379.17	73.52
6	REC	-	54.92
7	**Total**	**4067.48**	**5002.93**

As shown above, the Commission approves the total power purchase cost of Rs. 5002.93 Crore for the procurement of total energy of 10110.66 MU for TPL-D. Hence, the per unit power purchase cost works out to Rs. 4.95 / kWh. As the Commission has approved the energy requirement of 6787.77 MU for the Ahmedabad distribution area, the power purchase cost for Ahmedabad distribution area is computed as Rs. 3359.95 Crore.

The Commission, accordingly, approves the total power purchase cost of Rs. 3359.95 Crore, for TPL-(D) Ahmedabad supply area during FY 2012-13 for Truing up.

4.4 Gain due to reduction in energy requirement due to reduction in distribution losses

Petitioner's Submission

TPL has computed the gain due to reduction in distribution loss for Ahmedabad area at Rs. 47.99 Crore, as given in the Petition, on account of reduction in distribution losses.

Table 4.8: Computation for reduction in energy requirement of TPL-D (Ahmedabad) to reduction in distribution loss submitted by TPL-D (Ahmedabad)

Particulars	Unit		Actuals
Energy Sales	MU	(a)	6,156.64
Setoff wheeled energy	MU	(b)	68.02
Unit recovered as Loss	MU	(c)	0.79
Total Energy supplied	MU	(d)=(a)+(b)	6,224.66
MYT approved Distribution Loss	%	(e)	8.50%
Energy required at distribution level as per MYT approved Loss	MU	(f)=(d)/(1-(e))	6,802.91
Normative energy required at distribution level at MYT approved Loss	MU	(g)=(f)-(b)	6,734.88
Actual Energy Purchased at distribution level	MU	(h)	6,637.75
Reduction in energy requirement	MU	(i)=(g)-(h)-(c)	96.34
Power Purchase Cost	Rs./Unit	(j)	4.98
Savings due to improvement in Distribution Loss	**Rs. Crore**	**(k)=(i)*(j)/10**	**47.99**

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 7.25% for FY 2012-13.

The Commission has worked out Gain on account of reduction in distribution loss as shown in the Table below:

Table 4.9: Computation for reduction in energy requirement of TPL-D (Ahmedabad) to reduction in distribution loss considered by the Commission

Particulars	Unit		Actuals
Energy Sales	MU	(a)	6,156.64
Setoff wheeled energy	MU	(b)	68.02
Unit recovered as Loss	MU	(c)	0.79
Total Energy supplied	MU	(d)=(a)+(b)	6,224.66
MYT approved Distribution Loss	%	(e)	8.50%
Energy required at distribution level as per MYT approved Loss	MU	(f)=(d)/(1-(e))	6,802.91
Normative energy required at distribution level at MYT approved Loss	MU	(g)=(f)-(b)	6,734.88
Actual Energy Purchased at distribution level	MU	(h)	6,637.75
Reduction in energy requirement	MU	(i)=(g)-(h)-(c)	96.34
Power Purchase Cost	Rs./Unit	(j)	4.95
Savings due to improvement in Distribution Loss	**Rs. Crore**	**(k)=(i)*(j)/10**	**47.69**

The total power purchase cost and gains/(losses) considered in the truing up for FY 2012-13 are summarised below:

Table 4.10: Power Purchase cost and Gains / (Losses) approved in Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in Truing – up for FY 2012-13	Deviation + / (-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Power Purchase Cost	2545.00	3359.95	(814.95)	47.69	(862.64)

4.5 Fixed Charges

4.5.1 Operations and Maintenance (O&M) Expenses

TPL has claimed Rs. 204.89 Crore as O&M expenses, which consist of employee cost (Rs. 82.55 Crore) R&M Expenses (Rs. 62.56 Crore) and A&G Expenses (Rs. 59.78 Crore), as against the composite O&M expenses of Rs. 197.18 Crore of approved for FY 2012-13 in the MYT Order.

Petitioner's Submission

TPL has submitted that employee expenses have exceeded the approved amounts due to increase in base level employee cost as result of wage revision carried out under Section 12(3) of the Industrial Dispute Act, 1947, coupled with higher inflation and also due to transfer of manpower from TPL-G(APP) to TPL-D(A). The variation is about Rs 10 Crore due to uncontrollable factors and needs to be trued up at the actual stage.

TPL has further submitted that variation in R&M and A&G expenses is primarily on account of reclassifications in R&M and A&G categories. TPL has considered the variation of Rs. 10 Crore pertaining to employee expenses as uncontrollable.

TPL has claimed a sum of Rs. 204.89 Crore towards actual O&M expenses in the truing up for FY 2012-13, as shown in Table below:

Table 4.11: O&M Expenses of TPL-D (A) Claimed for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved in the MYT Order for FY 2012-13	Actual claimed in Truing up for FY 2012-13
1	Employee Cost	72.55	82.55
2	R&M Expense	87.23	62.56
3	A&G Expense	37.40	59.78
4	**Total O&M Expense**	**197.18**	**204.89**

Commission's Analysis

The Commission had approved the O&M expenses at 197.18 Crore as a composite expense for FY 2012-13 in the MYT Order dated 6th September 2011. However, TPL has split the O&M expenses component-wise, viz., Employee cost, R&M Expenses and A&G Expenses. Further, TPL also claimed part variation in O&M expenses as uncontrollable. However, in view of Regulation 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 have been verified with the audited annual accounts.

The Commission, accordingly, approves the O&M expenses of Rs 204.89 Crore, as claimed by the petitioner for truing up for FY 2012-13.

The O&M expenses and the Gains/(Losses) approved in the truing up for FY 2012-13 are given in the Table below:

Table 4.12: O&M Expenses and Gains / (Losses) approved in Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in Truing – up for FY 2012-13	Deviation + / (-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
O&M Expenses	197.18	204.89	(7.71)	(7.71)	-

4.5.2 Capital Expenditure, Capitalisation and Sources of Funding

The TPL has furnished the actual capital expenditure at Rs. 242.01 Crore in the truing up for FY 2012-13, as against Rs. 928.96 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.13: Capital Expenditure Claimed by TPL-D, Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing-up for FY 2012-13
1	EHV	767.97	65.11
2	HT Network	80.44	95.50
3	LT Network	38.71	63.84
4	Metering	21.45	10.42
5	Safety	-	-
6	Special Projects and related	5.77	3.04
7	IT & related	6.11	2.13
8	Admin. & Others expenditure	8.51	1.96
9	Total	928.96	242.01

Capital Expenditure

Petitioner's Submission

TPL has submitted that the capital expenditure incurred in Ahmedabad Supply Area is lower than the approved value, i.e., the actual expenditure of Rs. 242.01 Crore, as against Rs. 928.96 Crore approved in the MYT Order for FY 2012-13. The TPL has indicated the major variances in the actual expenditure against the approval, as detailed below:

a) EHV – In order to optimise the cost and considering the network loading conditions, TPL-D is in the process of upgrading the existing 220 KV Nicol -2 substation to 400 KV and has deferred the project of establishing the 400 KV substation at Gota beyond the control period. Accordingly the associated expenditure of EHV transmission, EHV substation has also been deferred.

b) HT - The Commission has approved the capital expenditure of Rs. 80.44 Crore for HT network. In this regard, TPL-D has incurred an expenditure of Rs. 95.50 Crore. The variation is on account of higher expenditure incurred for the work carried out for release of HT connections.

c) LT - The Commission had approved a capital expenditure of Rs. 38.71 Crore for LT network. However, the actual expenditure is Rs. 63.84 Crore due to increase in new connections and extension of load applications. Also, the cost per service has increased, primarily due to increase in Road Opening (RO) charges and the material and labour costs.

d) Metering - The Commission has approved capital expenditure pertaining to Metering of Rs. 21.45 Crore. However, the actual expenditure is lower due to implementation of the single meter single premises concept. Further, the Capex planned for Automatic Meter Reading (AMR) has been deferred beyond the control period.

e) Safety - The petitioner had made a plan for improvement of safety to minimise the possibility of accidents on its network. The plan envisaged undergrounding of unsafe overhead lines and replacement of old and unsafe oil-filled switchgears. The Commission was kind enough to consider and permit TPL to spend on the above initiative directing TPL–D to submit the actual expenditure at the time of truing up. However, the acute financial condition has prevented TPL from spending on this initiative. The condition of the identified sections of the network continues to be vulnerable. The Petitioner could not spend on this initiative in FY 2012-13

f) Others – The CAPEX incurred for Special Projects is lower due to deferment of a part of the GIS project. Further, the CAPEX planned for Admin, including civil works, has been deferred.

Commission's Analysis

The Commission observed that the petitioner has incurred capital expenditure of Rs. 242.01 Crore, as against Rs. 928.96 Crore considered by the Commission in the MYT order for FY 2012-13. 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 reiterates that the petitioner should prepare an optimum capital expenditure plan, along with proper timelines, for the ensuing years to ensure that ARR is not inflated by front loading the unrealistic CAPEX and cost of capital.

Capitalisation

Petitioner's Submission

The TPL has claimed a sum of Rs. 227.67 Crore towards capitalisation, as against the actual capital expenditure of Rs. 242.01 Crore.

Commission's Analysis

The net addition of assets during FY 2012-13 is Rs. 214.36 Crore, as verified from the segregated audited accounts of TPL-Ahmedabad for the FY 2012-13.

The Commission observed that the petitioner has capitalised a lower amount, as against that considered by the Commission in the MYT Order for FY 2012-13. The Commission noticed that the actual capitalisation claimed by the TPL in the previous years were also lower than those approved by the Commission.

The Commission approves the net capitalisation at Rs. 214.36 Crore in the truing up for FY 2012-13.

Funding of CAPEX

Petitioner's Submission

TPL has submitted the capitalisation and funding, as detailed in the Table below:

Table 4.14: Capitalisation for Ahmedabad Supply Area in FY 2012-13

(Rs. Crore)

Particulars		Actual
Opening GFA	(a)	2829.15
Addition to GFA	(b)	227.67
Deletion to GFA	(c)	13.31
Closing GFA	(d)=(a)+(b)-(c)	3043.52
SLC Addition	(e)	63.31
Capitalisation for Debt	(f)=((b)-(e))	164.36
Capitalisation for Equity	(g)=((b)-(c)-(e))	151.05
Normative debt @70%	(h)=(f)*70%	115.05
Normative Equity @30%	(i)=(g)*30%	45.32

Commission's Analysis

TPL has considered gross capitalisation for funding through Debt and net capitalisation (Addition minus deletion of assets) during the year for funding through equity. However, the Commission has considered the net capitalisation, as detailed in the Table below:

Table 4.15: Approved Capitalization and Sources of Funding for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing –up for FY 2012-13
1	Capital Expenditure	1450.70	242.01
2	Capitalisation During the year(net)	928.96	214.36
3	Less: SLC	51.96	63.31
4	Balance Capitalisation	877.01	151.05
5	Normative Debt @ 70%	613.90	105.74
6	Normative Equity @ 30%	263.10	45.32

4.5.3 Depreciation

The TPL has claimed a sum of Rs. 101.76 Crore towards depreciation in the truing up for FY 2012-13, as against Rs. 140.85 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.16: Depreciation Claimed by TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing up for FY 2012-13
1	Depreciation	140.85	101.76

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 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 2012-13, by applying CERC depreciation rates, asset classification-wise. The details of opening balance of assets, as on 1st April, 2012, addition and deduction to the Gross Block, during FY 2012-13, 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 audited accounts for FY 2012-13 for computation of depreciation.

The Commission, accordingly, approves the depreciation of Rs. 101.76 Crore in the truing up for FY 2012-13.

As noted in Para 4.5.3 above, the Commission is of the view that depreciation should be treated as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of depreciation in the Truing up for FY 2012-13, as detailed in the Table below:

Table 4.17: Depreciation and Gains / (Losses) due to Depreciation Approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing – up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Depreciation	140.85	101.76	39.09	-	39.09

4.5.4 Interest expenses

The TPL has claimed a sum of Rs. 61.83 Crore towards actual interest expenses in the truing up for FY 2012-13, as detailed in the Table below, as against Rs. 105.40 Crore approved in the MYT Order for FY 2012-13.

Table 4.18: Interest Claimed in the Truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars Existing Loans	Amount
1	**APDRP**	
	Opening Balance	30.25
	Repayments	2.26
	Closing Balance	27.99
	Interest Expense	2.63
2	**HDFC 2A**	
	Opening Balance	17.31
	Repayments	7.69
	Closing Balance	9.62
	Interest Expense	1.76
3	**HDFC 3A**	
	Opening Balance	50.00
	Repayments	16.67
	Closing Balance	33.33
	Interest Expense	4.99
4	**SBI/ICD**	
	Opening Balance	88.00
	Repayments	88.00
	Closing Balance	-
	Interest Expense	4.00
5	**LIC**	
	Opening Balance	35.20
	Repayments	5.21
	Closing Balance	29.98
	Interest Expense	3.85

Sl. No.	Particulars Existing Loans	Amount
6	**BOB**	
	Opening Balance	129.60
	Repayments	16.72
	Closing Balance	112.88
	Interest Expense	14.56
7	**BOB -1**	
	Opening Balance	46.50
	Repayments	6.00
	Closing Balance	40.50
	Interest Expense	5.22
8	**IDFC**	
	Opening Balance	23.23
	Repayments	2.51
	Closing Balance	20.72
	Interest Expense	2.18
9	**Loans drawn in FY 2012-13**	
	Capitalization during the year	227.67
	Less: SLC additions	63.31
	Normative Debt @ 70%	115.05
	Opening balance	138.55
	New borrowings	14.44
	Repayments	115.05
	Closing balance	239.16
	Interest Rate	11.73%
	Interest Expense	22.15
	Total interest on loans	61.34
	Borrowing cost	0.48
	Total interest and finance charges	61.83

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 beginning of the year and additional loan due to estimated capital expenditure during FY 2012-13. The TPL has further submitted that the actual loan schedule for FY 2012-13 and the corresponding interest expenses are uncontrollable, since these 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 capitalisation, separate data of depreciation can be maintained and correlated for calculating the normative interest. 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. This, in turn, creates problems while calculating the interest expense on normative basis.

The Petitioner has, therefore, considered the interest expenses for the existing loans availed for the earlier capitalisation at actual interest expenses. For the capitalisation carried out during the FY 2012-13, the Petitioner has calculated the interest expenses by applying the opening wt. Avg. Rate of interest on the eligible additional loan component, while repayment has been considered equal to the depreciation for the year.

Commission's Analysis

The existing loans outstanding as on 01/04/2012 and the details of repayment and interest charges on these loans given in Form D-3 (TPL-D Ahmedabad Licensee Area) have been verified and found to be correct.

The additional loan is of Rs. 105.74 Crore, in accordance with the requirements of capitalisation and source of funding as approved in Table 4.15 above.

GERC (MYT) Regulations, 2011, provide for computation of interest on loan on normative basis, based on the opening balance of loan brought forward from the previous year's closing balance and the capitalisation and approved funding thereon. The opening balance of loan for FY 2012-13 has been brought forward from the closing balance of the actual loan outstanding as on 31.03.2012. As per GERC (MYT) Regulations, 2011, repayment of the loan is considered equal to the depreciation allowed and the rate of interest of 11.28% is considered as the Wt. Avg. rate of interest calculated on the basis of actual loan portfolio at the beginning of the FY 2012-13. The other borrowing cost, as per audited accounts, is Rs 0.48 Crore for FY 2012-13. The Commission has recomputed the interest on loan for FY 2012-13, as detailed in the Table below:

Table 4.19: Interest Approved by the Commission in the Truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order
1	Opening Loan	552.86
2	New loans During the Year	105.74
3	Repayment During the Year	101.76
4	Closing Loan	556.84

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order
5	Average Loan	554.85
6	Rate of Interest	11.28%
7	Interest	62.59
8	Other Borrowing Costs	0.48
9	Total Interest and Finance Charges	63.07

The Commission, accordingly, approves the interest and finance charges of Rs. 63.07 Crore in the truing up for FY 2012-13.

With regard to the computation of Gains/(Losses), Regulation 23.2 considers variation in capitalisation 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 controllable factor. If the gain is on account of lesser capital expenditure and capitalisation, it cannot be attributed to the efficiency of the utility to allow 2/3rd of gain to the utility. Similarly, if the loss is on account of more capital expenditure and capitalisation 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 capitalisation as uncontrollable. Hence, the components of ARR related to capitalisation, 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 2012-13, as detailed in the Table below:

Table 4.20: Gains / (Losses) Approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Interest on Loans	105.40	63.07	42.33	-	42.33

4.5.5 Interest on Working Capital

The TPL has claimed a sum of Rs. 12.84 Crore towards interest on working capital, as against Rs. 7.13 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.21: Interest on Working Capital Claimed by for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing up for FY 2012-13
1	O&M Expenses for 1 Month	16.43	17.07
2	1% of GFA for Maintenance Spares	28.26	28.29
3	Receivables for 1 Month	244.26	287.70
4	Less: Security Deposit	228.32	246.05
5	Normative Working Capital	60.64	87.02
6	Interest Rate	11.75%	14.75%
7	Interest on Working Capital	7.13	12.84

Petitioner's Submission

The TPL has submitted that the interest on working capital has been computed @ 14.75%, in accordance with the GERC (MYT) Regulations, 2011. The interest on working capital 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 2012-13. The Commission has observed that TPL has worked out the interest on working capital, considering 14.75% as the SBAR as on 01.04.2012. The Commission, while truing up for FY 2011-12, decided 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, 2012 was 14.75%. The Commission, accordingly, takes into consideration the SBAR of 14.75% in computation of interest on working capital for FY 2012-13.

While computing the working capital, TPL has reduced the working capital by considering amount of security deposit for which interest is paid to the consumers. The Commission has reduced the working capital, by considering the average security deposit of Rs. 306.03 Crore for FY 2012-13 as per audited accounts.

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

Table 4.22: Interest on Working Capital Approved for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Actual claimed in Truing –up for FY 2012-13	Approved in Truing up for FY 2012-13
1	O&M Expenses for 1 Month	17.07	17.07
2	1% of Opening GFA for Maintenance Spares	28.29	28.29
3	Receivables for 1 Month	287.70	290.09
4	Less: Security Deposit (Avg.)	246.05	306.03
5	Normative Working Capital	87.02	29.42
6	Interest Rate	14.75%	14.75%
7	Interest on working Capital	12.84	4.34

The Commission, accordingly, approves the interest on working capital as Rs 4.34 Crore in the truing up for FY 2012-13, as detailed in the above Table.

The deviation is Rs. 2.79 Crore, which is assessed as a gain. The Commission considers the interest on working capital as uncontrollable, since 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 2012-13, as detailed in the Table below:

Table 4.23: Interest on Working Capital Approved for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing –up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) Due to Uncontrollable Factors
Interest on Working Capital	7.13	4.34	2.79	-	2.79

4.5.6 Interest on Security Deposit

The TPL has claimed a sum of Rs. 26.60 Crore towards interest on security deposit in the truing up for FY 2012-13, as against Rs. 14.43 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.24: Interest on Security Deposit Claimed for TPL-D, Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing –up for FY 2012-13
1	Interest Rate	6%	9.5%
2	Interest on Security Deposit	14.43	26.60

Petitioner's Submission

The TPL has submitted that the actual interest expense on the security deposit is higher than that approved in the MYT Order, since the actual security deposit during FY 2012-13 was higher than the estimates. TPL has further submitted that the variation in interest on security deposit is uncontrollable.

Commission's Analysis

The Commission has verified the actual interest on security deposit with the audited accounts and found that the actual interest is Rs. 26.60 Crore.

The Commission, accordingly, approves the interest on security deposit at Rs. 26.60 Crore in the truing up for FY 2012-13.

The deviation of Rs. 12.17 Crore is considered to be a loss on account of uncontrollable factors, as detailed in the Table below:

Table 4.25: Approved Gains / (Losses) due to Interest Paid on Security Deposit in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Interest on Security Deposit	14.43	26.60	(12.17)	-	(12.17)

4.5.7 Bad debt written off

TPL has claimed Rs. 3.64 Crore towards bad debts written off in the truing up for FY 2012-13, as against Rs. 1.09 Crore approved in the MYT order for FY 2012-13, as detailed in the Table below:

Table 4.26: Bad Debts Written off Claimed for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing –up for FY 2012-13
Bad Debts Written off	1.09	3.64

Petitioner's Submission

The Petitioner has requested the Commission to consider the actual bad debts written off as uncontrollable items of expenditure, in accordance with GERC (MYT) Regulations, 2011.

Commission's Analysis

The Commission has verified the bad debts written off vis-à-vis the audited annual accounts for FY 2012-13 and found these to be Rs 3.64 Crore.

The Commission, accordingly, approves the bad debts written off as Rs. 3.64 Crore in the truing up for FY 2012-13.

The Commission assessed the deviation in bad debts written off at Rs. 2.55 Crore as a loss and considered it as controllable item.

The Commission, accordingly, approves the Gains/(Losses) on account of bad debts written off in the truing up for FY 2012-13, as detailed below:

Table 4.27: Bad Debts Written off and Gains / (Losses) Approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Bad Debts written off	1.09	3.64	(2.55)	(2.55)	0.00

4.5.8 Contingency Reserve

Petitioner's Submission

TPL has proposed the contingency reserve at Rs. 0.60 Crore in the truing up for FY 2012-13, which is the same as the one approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.28: Contingency Reserve claimed for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing –up for FY 2012-13
1	Contingency Reserve	0.60	0.60

Commission's Analysis

The proposed contingency reserve is consistent with the approvals accorded in the previous years.

The Commission, accordingly, approves the contingency reserve of Rs. 0.60 Crore in the truing up for FY 2012-13 and also observes that there is no deviation in the contingency reserve.

Table 4.29: Contingency Reserve and Gains / (Losses) Approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing – up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Contingency Reserve	0.60	0.60	-	-	-

4.5.9 Prompt payment rebate

The Commission had approved an amount of Rs. 29.31 Crore towards Prompt Payment Rebate for FY 2012-13 in the MYT Order. The actual, as per audited annual accounts, is Rs. 28.58 Crore. TPL has excluded the Prompt Payment Rebate from the approved ARR, as well as Revenue. The Commission approves the actual Prompt Payment Rebate of Rs. 28.58 Crore as per annual accounts and considers the revenue, without excluding the Prompt Payment Rebate.

The variance of Rs. 0.73 Crore is allowed as a deviation due to uncontrollable factors, as detailed below:

Table 4.30: Prompt Payment Rebate and Gains / (Losses) Approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing –up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable factors
Prompt Payment Rebate	29.31	28.58	0.73	-	0.73

4.5.10 Return on Equity

The TPL has claimed a sum of Rs. 145.33 Crore towards return on equity @ 14% in the truing up for FY 2012-13, as against Rs. 174.27 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.31: Return on Equity Claimed for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing up for FY 2012-13
1	Opening Equity	1113.20	1015.38
2	Equity Addition During the Year	263.10	45.32
3	Closing Equity During the Year	1376.30	1060.70

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing up for FY 2012-13
4	Return on Equity	174.27	145.33

Petitioner's Submission

The TPL has submitted that the closing balance of equity has been arrived at by considering additional equity of 30% of the capitalisation during the year. The return on equity has, thus, been computed by applying a rate of 14% on the average of the opening and closing balance of equity for FY 2012-13.

Commission's Analysis

The opening equity for FY 2012-13 is as per the closing equity for FY 2011-12 approved in the True-up for FY 2011-12. TPL has followed the same methodology, while computing the Return on Equity for FY 2012-13.

The Commission, accordingly, approves the return on equity as Rs. 145.33 Crore in the truing up for FY 2012-13, as given in the Table below:

Table 4.32: Return on Equity Approved for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Actual claimed in Truing-up for FY 2012-13	Approved in Truing for FY 2012-13
1	Opening Equity	1015.38	1015.39
2	Equity Addition During the Year	45.32	45.31
3	Closing Equity During the Year	1060.70	1060.70
4	Average Equity		1038.05
5	Return on Equity @ 14%	145.33	145.33

As noted in Para 4.5.3 above, the Commission is of the view that the Return on Equity should be treated as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of return on equity in the truing up for FY 2012-13 as detailed below:

Table 4.33: Return on Equity and Gains / (Losses) Approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing –up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Return on Equity	174.27	145.33	28.94	-	28.94

4.5.11 Income Tax

Petitioner's Submission

The TPL has not claimed any amount towards income tax in the truing up for FY 2012-13, against Rs. 8.52 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.34: Income Tax Claimed by TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing –up for FY 2012-13
1	Income Tax	8.52	Nil

Commission's Analysis

The TPL has not claimed any income tax for FY 2012-13, since there was a loss, as per certified financial statement of Ahmedabad Supply Area.

The Commission, accordingly, approves the income tax as Nil in the truing up for FY 2012-13

The Commission has treated income tax as an uncontrollable expense and, accordingly, approved the Gains/(Losses) on account of income tax in the truing up for FY 2012-13, as detailed in the Table below:

Table 4.35: Income tax and Gains / (Losses) due to Income tax Approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in Truing – up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
Income Tax	8.52	0	8.52	-	8.52

4.5.12 Non-Tariff income

The TPL has furnished the non-tariff income at Rs. 87.24 Crore in the truing up for FY 2012-13, as against Rs. 53.25 Crore approved in the MYT order for FY 2012-13, as detailed in the Table below:

Table 4.36: Non-Tariff income Claimed for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing –up for FY 2012-13
Non-Tariff Income	53.25	87.24

Petitioner's Submission

The Petitioner has submitted that the actual non-tariff income for FY 2012-13 was Rs. 87.24 Crore, which is an uncontrollable item.

Commission's Analysis

The Commission has verified the non-tariff income with the audited accounts for FY 2012-13 and found it to be Rs. 88.10 Crore.

The Commission, accordingly, approves the non-tariff income at Rs. 88.10 Crore in the truing up for FY 2012-13, as per audited annual accounts.

The deviation in non-tariff income at Rs. 34.85 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 2012-13, as detailed below:

Table 4.37: Non-Tariff Income and Gains / (Losses) Approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in Truing – up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Non-Tariff Income	53.25	88.10	(34.85)	-	(34.85)

4.5.13 Revenue from Sale of Power

Petitioner's Submission

The TPL has furnished the revenue from sale of power at Rs. 3452.44 Crore in the truing up for FY 2012-13, as against Rs. 2931.17 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.38: Revenue with Existing Tariff Claimed for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing-up for FY 2012-13
1	Revenue from Existing Tariff	2931.17	3452.44

Commission's Analysis

TPL has presented the revenue from sale of energy at Rs 3452.44 Crore in Note 15 of audited annual accounts by deducting prompt payment rebate. As noted in Para 4.5.9 above, TPL has excluded the prompt payment rebate from the approved ARR, as well as revenue. However, the Commission has taken into consideration the prompt payment rebate of Rs 28.58 Crore mentioned in Note 18 of the audited annual accounts. Since prompt payment rebate is considered as expenditure in the ARR, the Commission considers the gross revenue at Rs 3481.02 (3452.44+28.58) Crore in the truing up for FY 2012-13.

The Commission, accordingly, approves the revenue from sale of power at Rs 3481.02 Crore in the truing up for FY 2012-13.

4.5.14 Gains/(Losses) Under Truing up for FY 2012-13

The Commission has reviewed the performance of TPL-D Ahmedabad Supply Area under Regulation 22 of GERC (MYT) Regulations, 2011, with reference to the audited annual accounts for FY 2012-13. The Commission has computed the Gains/(Losses) for FY 2012-13, 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 GERC (MYT) Regulations, 2011 are as given in the Table below:

Table 4.39: ARR Approved in Respect of TPL-D Ahmedabad in the Truing up or FY 2012-13

(Rs. Crore)

Sl. No.	Annual Revenue Requirement	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13	Approved in truing up for 2012-13	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	2545	3366.53	3359.95	(814.95)	47.69	(862.64)
2	Operations and Maintenance expenses	197.18	204.89	204.89	(7.71)	(7.71)	
3	Depreciation	140.85	101.76	101.76	39.09		39.09
4	Interest on Loans	105.4	61.83	63.07	42.33		42.33
5	Interest on working capital	7.13	12.84	4.34	2.79		2.79
6	Interest on Security Deposit	14.43	26.6	26.6	(12.17)		(12.17)
7	Bad debts written off	1.09	3.64	3.64	(2.55)	(2.55)	
8	Contingency Reserve	0.6	0.6	0.6	0		0.00
9	Prompt Payment rebate	29.31		28.58	0.73		0.73
10	Return on equity	174.27	145.33	145.33	28.94		28.94

Sl. No.	Annual Revenue Requirement	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13	Approved in truing up for 2012-13	Deviation +/(-)	Gains/ (Losses) due to controllable factors	Gains/ (Losses) due to uncontrollable factors
11	Income Tax	8.52	0	0	8.52		8.52
12	**Total expenditure**	**3223.78**	**3924.02**	**3938.76**	**(714.98)**	**37.43**	**(752.41)**
13	Less: Non-Tariff income	53.25	87.24	88.10	(34.85)		(34.85)
14	**Aggregate Revenue Requirement**	**3170.53**	**3836.78**	**3850.66**	**(680.13)**	**37.43**	**(717.56)**

4.5.15 Sharing of Gains/(Losses) for FY 2012-13

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 trued up ARR for FY 2012-13 as claimed by TPL-D Ahmedabad and as approved by the Commission is summarized in Table below:

Table 4.40: Trued up ARR incl. Gains/(Losses) for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars		Claimed in Truing up for FY 2012-13	Approved in Truing up for FY 2012-13
1	ARR, as per MYT Order	(a)	3,141.20	3170.6
2	Gains/(Losses) due to Uncontrollable Factors	(b)	(745.85)	(717.56)
3	Gains/(Losses) due to Controllable Factors	(c)	50.29	37.43
4	Pass through as tariff	d= -(1/3rd of c+ b)	729.09	705.08
5	ARR True- up	e=a+d	3,870.30	3875.68

The following table summarises the revenue gap for Ahmedabad supply area for FY 2012-13.

Table 4.41: Revenue Gap for TPL-D Ahmedabad for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Claimed in Truing up for FY 2012-13	Approved in Truing up for FY 2012-13
1	Annual Revenue requirement	3870.30	3875.68
2	Less: Revenue from Sale of Energy	3452.44	3481.02
3	**(Gap)/Surplus**	(417.86)	(394.66)
4	**Earlier years' Approved gaps**		
5	Total (Gap)/ Surplus for earlier Periods *	(116.03)	0.00
6	**Cumulative (Gap)/Surplus for FY 2012-13#**	**(533.89)**	**(394.66)**

** As per GERC Orders dated 02.06.2012 and 04.09.2013*
 # Does not include Carrying Cost

TPL has claimed Rs. 115.84 Crore towards the revenue gap of FY 2010-11 as per the Tariff Order dated 2nd June 2012 and Rs. 0.16 Crore approved by the Commission in Order dated 4th September 2013 on Petition No. 1323/2013 as earlier period's revenue gap to be considered in the Tariff determination for FY 2014-15. The Commission has already addressed the gap mentioned above by increasing the energy charge for all the categories of the consumers for the FY 2012-13. The Commission had also noted in the Tariff Order dated 2nd June, 2012, that the remaining gap of the FY 2012-13, if any, will be addressed at the time of Truing up on the basis of audited figures. The Commission, through this order, has carried out the Truing up exercise for FY 2012-13 and arrived at a gap of Rs 394.66 Crore. The amount of Rs. 0.16 Crore approved by the Commission vide its Order dated 4th September 2013 will be considered for determination of tariff for FY 2014-15 as shown in the subsequent chapter.

Accordingly, the Commission now considers the true-up gap of Rs. 394.66 Crore for FY 2012-13 and amount of Rs. 0.16 Crore as per Commission's Order dated 4th September 2013 for determination of tariff for FY 2014-15.

5. Determination of Tariff for FY 2014-15

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus, as well as consumer tariff for the FY 2014-15 for TPL-D. The Commission has considered the ARR approved in the Mid-term Review for FY 2014-15 and the adjustment on account of True-up for FY 2012-13, while determining the revenue gap/surplus for FY 2014-15.

5.2 Approved ARR for FY 2014-15

Based on the above approach, the Table below summarises the Annual Revenue Requirement, as approved by the Commission in the Mid-term Review for the FY 2014-15. Detailed analysis of each expense head has already been provided in the Mid-term Review.

Table 5.1: Approved ARR for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved in the MYT Order	Projected in the Mid-term Review	Approved in the Mid-term Review
1	Power Purchase Cost	3216.68	4003.17	3543.02
2	Operations and Maintenance Expenses	220.38	254.58	229.0
3	Depreciation	190.78	119.76	113.75
4	Interest on Loans	132.19	68.74	60.40
5	Interest on working Capital	7.62	8.22	0
6	Interest on Security Deposit	17.63	41.02	38.72
7	Bad debts Written off	1.09	1.5	1.5
8	Contingency Reserve	0.6	0.6	0.6
9	Prompt Payment Rebate	34.18		28.91
10	Return on equity	209.93	160.43	161.01
11	Income Tax	8.52		0
12	**Total Expenditure**	**4039.6**	**4658.02**	**4176.91**
13	Less: Non-Tariff income	56.49	64.5	88.1
14	**Aggregate Revenue Requirement**	**3983.11**	**4593.52**	**4088.81**

5.3 Projected Revenue from existing tariff for FY 2014-15

The TPL-D has projected the Revenue from sale of power as Rs. 3732.48 Crore in the Mid-term Review for FY 2014-15 with existing Tariff, including FPPPA of Rs. 1.23

per kWh. The revenue from Open Access consumers is estimated at Rs. 25.65 Crore, as given in the Table below:

Table 5.2: Revenue Gap for Determination of Tariff of Ahmedabad Supply Area for FY 2014-15

(Rs. Crore)

Particulars	TPL-D (A)
ARR	4593.52
Less:	
-Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	3732.48
-Revenue from Open Access Charges at Existing Rate of Rs. 0.57 per unit	25.65
Net Gap/Surplus	835.40

Commission's Analysis

The Commission has reviewed the sales projected in the Mid-term Review and approved the sales of 7011 MU in the Mid-term Review. The Commission has recomputed the sales revenue, based on the sales approved in the Mid-term Review and applying FPPPA @ Rs. 1.23 per kWh, as detailed in the Table below:

The Revenue, as approved for FY 2014-15 in the MYT Order, and approved by the Commission in the Mid-term Review are given in the Table below:

Table 5.3: Approved Sales and Category-Wise Revenue for FY 2014-15

Sl. No	Particulars	Approved in the MYT Order		Approved in Mid-term Review	
		MU	(Rs. Crore)	MU	(Rs. Crore)
A	**LT Consumers**				
1	RGP	2438	802.20	2276	888.21
2	GLP +Non RGP	1461	690.91	955	445.00
3	LTMD	1431	609.57	1723	899.17
	LT Total (A)	**5330**	**2102.68**	**4942**	**2232.38**
B	**HT Consumers**				
4	HT	1755	733.70	1875	969.94
5	HT Pumping	113	48.83	109	57.08
	HT Total (B)	**1868**	**782.53**	**1984**	**1027.02**
6	Others	71	24.41	73	28.28
7	**Total**	**7269**	**2909.62**	**7011**	**3287.68**
8	FPPPA		508.81		862.43
9	**Total Revenue, Including Agriculture Subsidy**	**7269**	**3418.43**	**7011**	**4150.11**
10	Revenue from Open Access charges		-		25.65
11	**Total Revenue**	**7269**	**3418.43**	**7011**	**4175.76**

5.4 Estimated Revenue and Revenue Gap/Surplus for FY 2014-15

The Commission has considered the total category-wise sales, as approved in the Mid-term Review Order and applied the existing tariff on the approved sales for each category of consumers. The total revenue from sale of power, computed by the Commission at existing tariff, is Rs. 4175.76 Crore including FPPPA and revenue from Open Access consumers. The FPPPA rate has been considered at Rs. 1.23 per unit. Revenue from Open Access consumers is considered as projected by TPL. The estimated gap for FY 2014-15 is given in the Table below:

Table 5.4: Approved Revenue (Gap)/ Surplus for FY 2014-15 at the Existing Tariff

(Rs. Crore)

Sl. No	Parameters	Approved in the Mid-term Review
1	Aggregate Revenue Requirement	4088.81
2	Add: Revenue Gap from True-up of FY 2012-13	394.66
3	Add prior period Gap*	0.19
4	**Total Aggregate Revenue Requirement**	**4483.66**
5	Revenue with Existing Tariff	3287.68
6	FPPPA Charges @ Rs. 1.23/kWh	862.43
7	Revenue from Open Access charges	25.65
8	**Total Revenue**	**4175.76**
9	**(Gap) / Surplus (8-4)**	**(307.90)**

*As per GERC order on petition no 1323/2013 dated 04.09.2013

5.5 Consolidated Revenue Gap for the TPL Distribution

As shown in Table 5.4, the Commission has estimated the total Revenue (Gap)/ Surplus of TPL Ahmedabad at Rs. 307.90 Crore for the FY 2014-15. Similarly, the Commission has estimated the revenue gap of TPL Surat area in the Tariff Order in Petition No. 1377/2013 at Rs. 152.93 Crore for the FY 2014-15.

Table 5.5: Consolidated gap computed for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	TPL Ahmedabad	TPL Surat	Total
1	Total Revenue (Gap) / Surplus for FY 2014-15	(307.90)	(152.93)	(460.83)

Accordingly, the Commission considers the total consolidated gap of Rs. 460.83 Crore for TPL Distribution area for determination of tariff for FY 1014-15.

6. Compliance of Directives

6.1 Compliance of earlier Directives

TPL had complied with all the directives issued prior to promulgation of the Tariff Orders dated 16th April 2013.

The Commission, in its Tariff Order dated 16th April 2013, had issued a fresh directive to TPL, in pursuance of which, TPL submitted a report on compliance of this directive. 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:

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 consumers, without obtaining corresponding power for the cost paid to REC.

Compliance

In compliance of the directive, TPL-D is making all efforts to enter into agreements to meet the RPO obligation. It has repeatedly published advertisements in the newspapers for supply of power from the renewable energy sources. In the current year, TPL issued notices on 2nd August, 2013 and 18th November 2013 in the leading newspapers in Gujarat and in India covering major cities both at state and national levels. However, the Petitioner has received very limited response from the developers

Commission's Comments

TPL-D shall continue the efforts to enter agreements for purchase of renewable energy from within the state and outside to meet RPO obligation and report submitted periodically.

7. Fuel and Power Purchase Price Adjustment

7.1 Fuel Price and Power Purchase Price Adjustment

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

The Commission, vide its order dated 29.10.2013, has revised the formula as mentioned below:

7.2 Formula

FPPPA = [(PPCA-PPCB)]/[100-Loss in %]

Where,

PPCA	is the average power purchase cost per unit of delivered energy (including transmission cost), computed based on the operational parameters approved by the Commission or principles laid down in the power purchase agreements in Rs./kWh for all the generation sources as approved by the Commission while determining ARR and who have supplied power in the given quarter and transmission charges as approved by the Commission for transmission network calculated as total power purchase cost billed in Rs. Million divided by the total quantum of power purchase in Million Units made during the quarter.
PPCB	is the approved average base power purchase cost per unit of delivered energy (including transmission cost) for all the generating stations considered by the Commission for supplying power to the company in Rs./kWh and transmission charges as approved by the Commission calculated as the total power purchase cost approved by the Commission in Rs. Million divided by the total quantum of power purchase in Million Units considered by the Commission.
Loss in %	is the weighted average of the approved level of Transmission and Distribution losses(%) for the four DISCOMs / GUVNL and TPL

	applicable for a particular quarter or actual weighted average in Transmission and Distribution losses(%) for four DISCOMs / GUVNL and TPL of the previous year for which true up have been done by the Commission, whichever is lower.

7.3 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for all TPL-D Ahmedabad including fixed cost, variable cost etc from the various sources in the Mid-Term Review of Business Plan as given in the Table below:

Year	Total Energy Requirement (MU)	Approved Power Purchase cost (Rs crore)	Power Purchase cost per unit (Rs/kWh)
FY 2014-15	11120	5110.04	4.60

As mentioned above the base Power Purchase cost for the TPL-D is Rs 4.60 per kWh and the base FPPPA charge is Rs. 1.23/kWh.

TPL may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 6.2 above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on website of the TPL.

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

FPPPA calculations shall be submitted to the Commission within one month from end of the relevant quarter.

8. Wheeling Charges and Cross-Subsidy Surcharge

8.1 Introduction

Regulation 88.1 of MYT Regulations, 2011, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR 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 2014-15

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

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. 482.84 crore

b. ARR of Retail Supply Business – Rs. 4110.68 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.

It is submitted by TPL-D that;

- The GFA (excluding assets related to retail supply i.e. SLC and Meters) for Ahmedabad Supply Areas as on 31st March, 2013 is Rs. 2357.54 Crore. In case of Ahmedabad Supply Area, the GFA identified for HT & LT business are Rs. 1665.31 Crore & Rs. 692.23 Crore, respectively. The ratio of HT assets to LT assets is 71:29, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.

- Further as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak.

- The system peak demand for Ahmedabad Supply Area for the year FY 2012-13 is estimated as 1261.50 MW. In case of Ahmedabad Supply Area, the contract demand for all the HT consumers is about 583.53 MW. Assuming that 85% of the contact demand of HT consumers contributes to the system peak demand, the total demand of LT contributing to the system peak is computed as 765.50 MW.

- To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charge determined in terms of Rs/ kW/ Month has been tabulated below:

Table 8.2: Projected Wheeling charges in cash of Ahmedabad area for FY 2014-15

Particulars	
First Level Segregation of ARR in Rs. Crores	
HT Voltage	341.07
LT Voltage	141.77
Total	482.84
Second Level Segregation of ARR in Rs. Crores	
HT Voltage	134.10
LT Voltage	348.74
Total	482.84
Wheeling Charge in Rs/ kW/ month	
HT Voltage	225.31
LT Voltage	379.64
Wheeling Charge in Rs/ kWh	
HT Voltage	0.69
LT Voltage	0.78

TPL-D also requested the Commission to decide the appropriate mechanism to avoid any under-recovery in case of under-utilization of Open Access capacity booked by the consumers in line with the Judgment of Hon'ble Tribunal.

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

Table 8.3: Proposed Wheeling charges in kind of Ahmedabad area

Particulars	FY 2014-15 Ahmedabad Area
HT Category	4.00%
LT Category	7.25%

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 8.4: Allocation matrix for segregation to Wheeling and Retail Supply for TPL-Ahmedabad Supply Area for FY 2014-15 as per GERC Regulations

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	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 8.5: Allocation ARR between wheeling and retail supply business for Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power purchase expenses	3543.02	0.00	3543.02
2	O&M expenses	229.00		
	i) Employee expenses	92.26	55.36	36.904
	ii) R&M expenses	69.92	62.93	6.992
	ii) A&G expenses	66.82	33.41	33.41
3	Depreciation	113.75	102.37	11.38
4	Interest on loan	60.40	54.36	6.04
5	Interest on consumer security deposit	38.72	3.87	34.85
6	Interest on working capital	0.00	0.00	0.00
7	Provision for bad debt	1.50	0.00	1.50
8	Income tax	0.00	0.00	0.00
9	Contribution to contingency reserve	0.60	0.60	0.00
10	Return on equity	161.01	144.91	16.10
11	Prompt Payment Rebate	28.91	0.00	28.91
12	Less: Non-tariff income	88.10	8.81	79.29
13	**Net ARR**	4088.51	449	3639.81

The above allocations of ARR are used for determination of charges and cross subsidy surcharge for FY 2014-15.

The Commission considered the proposal of TPL-D for apportionment of ARR between HT and LT voltage level as mentioned in para 8.2, which is also in tune with the judgement of Hon'ble Tribunal in Appeal no 32 of 2012. Based on the above the wheeling charges in cash are approved as given in the table below:

Table 8.6: Wheeling charges for HT voltage level

Particulars	
First Level Segregation of ARR in Rs. Crores	
HT Voltage	317.16
LT Voltage	131.84
Total	449.00
Second Level Segregation of ARR in Rs. Crores	
HT Voltage	124.70
LT Voltage	324.30
Total	449.00
Wheeling Charge in Rs/ kW/ month (For Long-term and Medium-term Open Access consumers)	
HT Voltage	209.51
LT Voltage	353.03
Wheeling Charge in Rs/ kWh (For Short-term Open Access consumers)	
HT Voltage	0.63
LT Voltage	0.65

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

Table 8.7: Approved Wheeling charges in kind

Particulars	FY 2014-15 Ahmedabad Area
HT Category	4.00%
LT Category	7.25%

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 = T – {[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:

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 2014-15

Sl. No.	Particulars	HT Industry
1	T	7.02
2	C	5.86
3	D	0.63
4	L	4%
5	S = Cross subsidy surcharge	0.30 Rs/kWh

1. Average HT tariff including base FPPPPA charge @ Rs.1.23 per unit for FY 2014-15: 7.02 Rs./ kWh
2. Wt. Avg. Power purchase cost of top 5% at margin: 5.86 Rs./ kWh
3. Cross subsidy surcharge for HT

$$S = 7.02 - [5.86 (1+4/100) + 0.63]$$
$$= 0.30 \text{ Rs./ kWh}$$

9. Tariff Philosophy and Tariff Proposals

9.1 Introduction

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 MYT Regulations notified by the Commission guide 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 2014-15

9.2.1 Retail Tariff

TPL-D has computed the cumulative gap for FY 2012-13 and FY 2014-15 and has proposed to recover the estimated revenue gap during FY 2014-15. 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) Correct recovery of fixed charges which is depective of the fixed costs

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

iv) Promotion of efficient use of electricity.

v) Adhering to band of cross subsidy prescribed by Tariff Policy.

vi) Incentivizing energy conservation through telescopic tariff.

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.

Section 61 of the Electricity Act, 2003 specifies the guiding factors for the determination of terms and conditions of tariff as detailed hereunder:

a) The generation, transmission, distribution and supply of Electricity are conducted on commercial principles.

b) The factors which would encourage competition, efficiency, economical use of resources , good performance and optimum investments.

In line with the above guiding factors, the fixed cost should be recovered through fixed charges.

Anomaly in recovery of fixed charge vis-a-vis fixed cost

In the present tariff structure, only Rs. 0.57 is recovered through fixed charges which is less than 10 % of total tariff.

There is mismatch in recovery of fixed charges vis-à-vis fixed costs. The fixed charges are significantly lower than the fixed costs per unit.

Problems due to this anomaly in tariff

It is submitted by TPL that the existing fixed charges do not reflect 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.

As open access is implemented without fully addressing above points, it is creating problems for the licensee and the consumers.

In the current system, a highly efficient utility having very low level of T&D losses, high level of reliability and lower operational costs would be penalised as customers of such utility would be encouraged to avail Open Access due to low level of wheeling charges and losses and high level of reliability. This is only because of the anomaly in tariff as the fixed charges, wheeling charges, cross-subsidy surcharge are not reflective of the reality.

Suggested solution to address this anomaly

In the last tariff petition, the petitioner had stated that the Fixed Costs per unit based on the approved ARR of FY 2013-14 was Rs. 2.25 per unit whereas the Fixed Charges being recovered from consumer were only Rs. 0.42 per unit at that point of time. Accordingly, the Petitioner had proposed to increase its recovery of fixed cost through fixed charges by revising the rates of fixed/demand charges. Ideally, the Petitioner would have liked to increase the Fixed Charges so as to recover the Fixed Costs in three years. However, to avoid sudden spurt in Fixed Charges, the Petitioner had proposed to increase the recovery through fixed cost in five years for smooth implementation. Accordingly, it had proposed to recover the fixed cost by increasing Fixed Charges over a period of 5 years starting from 2013-14. The objective was to gradually increase the Fixed Charges from Rs. 0.42 to Rs. 2.25 per unit. Although the Hon'ble Commission has accepted our plea in-principle by allowing increase in Fixed Charges, the tariff approved by the Commission for FY 2013-14 is leading to recovery of only Rs. 0.57 per unit as Fixed Charges at present. The petitioner proposes to increase the recovery of Fixed Charges to Rs. 1.00 per unit in the tariff proposal of FY 2014-15 to bridge the gap between Fixed Costs per unit and Fixed Charges per unit reflected in tariff.

To address the issue of Open Access customers utilizing the existing connection as stand-by facility at subsidized rate, the Petitioner proposes to increase the Fixed Charges for customers above 1 MW so as to recover the major portion of Fixed Costs in 2014-15 itself.

Accordingly, it is proposed to increase fixed/demand charges to about 14% of total sales revenue at proposed tariff in Ahmedabad supply area.

C. Adhering to the band of cross subsidy prescribed by Tariff Policy

As per the tariff policy, the tariff should be within +/- 20% of the average cost of supply. The Petitioner has taken due care of adhering to this band while designing the tariff proposal.

D. Incentivizing energy conservation through telescopic tariff

The petitioner proposes to continue with the telescopic tariff structure to incentivize conservation of energy or conversely disincentivise higher consumption. The telescopic tariff is intended to motivate the customers to restrict their consumption to avoid paying significantly higher rates in the higher slabs.

E. Demand Side Management by shifting of consumption from peak hours to off-peak hours

The Petitioner has submitted that it has been taking initiatives on demand side management and making all efforts to create awareness amongst the consumers about the importance of DSM. The Petitioner further submits that it is equally important to give necessary commercial signals through built-in incentive in tariff.

Time of Use (TOU) charges: TOU charges are currently applicable for all HTMD category consumers in Ahmedabad.

Power purchase requirement of the Company is met from regular sources of power including Company's own generating stations and from Bilateral power purchase contracts. The cost of power in the peak hours is higher compared to off-peak hours. Moreover, TPL has to create the distribution network so as to cater the peak demand of the consumers.

At present, time of use charges are applicable to only HT categories. TPL proposes to increase TOU charges for HT consumers. It also proposes to introduce TOU charges for LTMD-2 consumers having Billing Demand more than 50 KW in Ahmedabad supply area. This should shift some peak hour demand to non peak hour and thereby help in flattening its load curve and shaving off the peak demand.

Determination of Retail Tariff

The Petitioner has submitted that it has designed the retail tariffs as per the tariff philosophy described above. The tariffs have been set after taking into consideration the sales projections for different tariff categories based on total sales quantity as estimated for FY 2014-15. The income from tariffs has been matched to the recover the gap of FY 2014-15. The tariff categories are maintained as approved by the Hon'ble Commission in its MYT Order dated 6th September, 2011.

As mentioned earlier, TPL has also proposed "additional charge" of Rs. 0.83 per unit for the unrecovered truing gap of FY 2012-13.

The Petitioner has submitted that, if for any reason, the Hon'ble Commission does not allow the tariff increase w.e.f. 1st April, 2014, the tariff rates need to be appropriately adjusted to allow the Petitioner to recover the gap over the remaining part of the year from the date from which the increase tariff is to be allowed.

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.

TPL has proposed a significant increase in demand and also energy charges in order to compensate for the fixed charge incurred by it and to meet the revenue gap. However, the Commission is of the view that demand and energy charges 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 charges in such a way that tariff hike for all categories of consumers remains moderate, irrespective whether usage of electricity is lower or extensive.

9.4 Revenue Gap / Surplus

The consolidated revenue gap for the TPL- Ahmedabad and TPL - Surat for the FY 2014-15 including the truing up of FY 2012-13 is estimated at Rs 460.83 Crore as shown in para 5.5. The Commission has considered the consolidated revenue gap for the TPL - Ahmedabad and TPL - Surat for determination of tariff for FY 2014-15.

It is decided to increase the tariff rates for the FY 2014-15 to meet the estimated gap of FY 2014-15. Accordingly, the fixed charges / demand charges and energy charges for all the categories of the consumers have been increased, except for BPL consumers and for the consumers using electricity up to 50 units/month as shown in the Tariff Schedule annexed with this Order. With this increase, it is estimated that the additional revenue will be to the extent of Rs. 449.21 crore for both the licensee areas – TPL Ahmedabad and TPL Surat. The marginal gap of Rs. 11.62 Crore shall be met by better efficiency and reduction in costs and increase in sales.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for TPL-D (Ahmedabad) for FY 2014-15, as shown in the Table below:

Approved ARR for TPL-D (Ahmedabad) for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	FY 2014-15
1	Power Purchase Cost	3543.02
2	Operations and Maintenance Expenses	229.0
3	Depreciation	113.75
4	Interest on Loans	60.40
5	Interest on working Capital	0
6	Interest on Security Deposit	38.72
7	Bad debts Written off	1.5
8	Contingency Reserve	0.6
9	Prompt Payment Rebate	28.91
10	Return on equity	161.01
11	Income Tax	0
12	**Total Expenditure**	**4176.91**
13	Less: Non-Tariff income	88.1
14	**Aggregate Revenue Requirement**	**4088.81**

The retail supply tariffs for Ahmedabad distribution area for FY 2014-15 determined by the Commission are annexed to this order.

This order shall come into force with effect from the 1st May, 2014. The revised rate shall be applicable for the electricity consumption from the 1st May, 2014 onwards.

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

Place: Gandhinagar
Date: 29/04/2014

ANNEXURE: TARIFF SCHEDULE FOR FY 2014-15

TARIFF SCHEDULE

EFFECTIVE FROM 1st May, 2014

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.

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 categories 'Rate: TMP' and 'Rate: HTMD-3', provided that the bill is paid within due date i.e. (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. 25 per month per installation
(b)	Three Phase Supply	Rs. 60 per month per installation

For BPL household consumers*

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

1.2. ENERGY CHARGE

For Other than BPL consumers

(a)	First 50 units consumed per month	320 Paise per Unit
(b)	For the next 150 units consumed per month	390 Paise per Unit
(c)	Remaining units consumed per month	480 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. 25 per month per installation
(b)	Three Phase Supply	Rs. 60 per month per installation

2.2. ENERGY CHARGE

(a)	First 200 units consumed per month	400 Paise per Unit
(b)	Remaining units consumed per month	470 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. 65 per kW per month
(b)	For installations having Connected Load more than 5 kW and up to 15 kW	Rs. 80 per kW per month

3.2. ENERGY CHARGE

A flat rate of	440 Paise per Unit

4. RATE: LTP (AG)

Applicable to motive power installations for agricultural purposes

4.1. ENERGY CHARGE

A flat rate of	330 Paise per Unit

4.2. MINIMUM CHARGE

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

Note:

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

5. Rate: LTMD-1

Applicable for supply of electricity to installations above 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. 130 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 160 per kW
(c)	Rest of Billing Demand per month	Rs. 220 per kW

2. For Billing Demand in excess of the Contract Demand

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

Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

5.2. ENERGY CHARGE

(a)	For Billing Demand up to and including 50 KW	445 Paise per unit
(b)	For Billing Demand above 50 KW	460 Paise per unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

6. 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. 155 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 205 per kW
(c)	Rest of Billing Demand per month	Rs. 275 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

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	460 Paise per unit
(b)	For Billing Demand above 50 KW	480 Paise per unit

6.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

7. RATE: SL

Applicable to lighting systems for illumination of public roads.

7.1. ENERGY CHARGE

A flat rate of	410 Paise per Unit

7.2. OPTIONAL kVAh CHARGE

For all the kVAh units consumed during the month	315 Paise per Unit

8. RATE: TMP

Applicable to installations for temporary requirement of electricity supply.

8.1. FIXED CHARGE

Fixed Charge per Installation	Rs. 20 per kW per Day

8.2. ENERGY CHARGE

A flat rate of	490 Paise per Unit

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

(11000 VOLTS- THREE PHASE, 50 HERTZ)

9. RATE: HTMD-1

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

9.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month for Billing demand up to 1000 KW	Rs. 245 per kW
Fixed Charge per kW of Billing Demand per Month for Billing demand 1000 KW and above	Rs. 300 per KW

B. For Billing Demand in excess of the Contract Demand

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

Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

9.2. ENERGY CHARGE

(a)	First 400 units consumed per kW of Billing Demand per Month	435 Paise per unit
(b)	Remaining Units consumed per Month	425 Paise per unit

9.3. TIME OF USE (TOU) CHARGE

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

2200 Hrs.	
(a) For Billing Demand up to 300 kW	70 Paise per Unit
(b) For Billing Demand Above 300 kW	90 Paise per Unit

9.4. NIGHT TIME CONCESSION

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

9.5. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

10. 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. 215 per kW

B. For Billing Demand in excess of the Contract Demand

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

Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

10.2. ENERGY CHARGE

A flat rate of	390 Paise per unit

10.3 TIME OF USE (TOU) CHARGE

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

10.4 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

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. 20/- per kW per day
For billing demand in excess of contract demand	Rs. 25/- per kW per day

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	685 Paise/Unit

11.3. TIME OF USE (TOU) CHARGE

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

11.4. POWER FACTOR ADJUSTMENT CHARGE

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

12. RATE: NTCT (NIGHT TIME CONCESSIONAL TARIFF)

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

12.1 FIXED CHARGE

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

12.2 ENERGY CHARGE

A flat rate of	330 Paise per unit

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

Note:

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

3. *The option can be exercised to switch over from HTMD tariff to this category and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
4. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category HTMD.*