GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2012-13 and

Determination of Tariff for FY 2014-15

For

Torrent Energy Limited – Distribution

Case No. 1379 of 2013

29th May 2014

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GUJARAT ELECTRICITY REGULATORY COMMISSION (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
REC	Renewable Energy Certificate
R&M	Repair and Maintenance
RLDC	Regional Load Despatch Centre
SBI	State Bank of India
SLC	Service Line Contribution
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. 1379 of 2013

Date of the Order: 29/05/2014

CORAM

Shri Pravinbhai Patel, Chairman

Dr. M. K. Iyer, Member

ORDER

1. Background and Brief History

1.1 Background

Torrent Energy Limited (hereinafter referred to as 'TEL' or the 'Petitioner') a distribution licensee 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 its distribution business of Dahej supply area for the FY 2014-15 on 2nd December, 2013.

The Commission conducted preliminary scrutiny and admitted the petition on 4th December, 2013 under Case No. 1379 of 2013.

1.2 Torrent Energy Limited (TEL)

Torrent Energy Limited (TEL) is a Special Purpose Vehicle (SPV), promoted by Torrent Power Limited (TEL), to fulfil its commitment to generate and distribute power as a co-developer of the Dahej Special Economic Zone.

Dahej SEZ (DSEZ) is being developed by Government of Gujarat through Gujarat Industrial Development Corporation (GIDC) and Oil and Natural Gas Corporation (ONGC). The DSEZ has been notified by the Ministry of Commerce and Industry, Government of India, vide Notification No. 2131(E) dated 20th December, 2006, as a Multi-Product SEZ.

The Government of Gujarat has "In-principle" approved Torrent Energy Limited as the Co-developer in DSEZ area for the purpose of establishing generation and distribution facilities. Accordingly, TEL has entered into the Co-developer agreement with Dahej SEZ Ltd (DSL), a SPV created for developing the DSEZ.

The Ministry of Commerce and Industry, Government of India, has approved TEL as a Co-developer to set up generation and distribution infrastructure in DSEZ.

The Gujarat Electricity Regulatory Commission, vide its order dated 17th November, 2009, issued orders for issue of distribution license to TEL as a second distribution licensee as per the provisions of Section 14 of the Electricity Act, 2003 for distribution of electricity in the DSEZ area. Accordingly, the Gujarat Electricity Regulatory Commission, vide its letter dated 29th December, 2009, issued the distribution license dated 18th December, 2009 to TEL.

TEL started commercial operations from 4th April, 2010 and is in the process of establishing the distribution network for power distribution to various SEZ units. TEL is also in the process of setting up a power plant (called DGEN) at Dahej. This is a green field project. The proposed capacity is tentatively expected to commence generation from April, 2015.

The distribution business of TEL is hereinafter referred to as Petitioner, or Torrent Energy Limited – Distribution (TEL-D).

1.3 Commission's Order for the Control Period

TEL-D filed its petition under the Multi-Year Tariff Framework for the control period FY 2011-12 to FY 2015-16 on 14th July, 2011, in accordance with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, notified by the Commission.

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

TEL-D had filed Appeals before the Hon'ble APTEL against Commission's Tariff Orders in Petition no. 1117/2011 (Appeal no. 32/2012) and Petition No. 1203/2012 (Appeal no. 214/2012). Hon'ble APTEL had issued judgements in Appeal nos. 32/2012 and 214/2012 on 03.07.2013 and 17.09.2013 respectively. The Commission has passed the consequential order on the above-mentioned APTEL Judgements on 26th May, 2014.

1.4 Admission of the Current Petition and Public Hearing Process

TEL submitted the current petition for 'truing up' for FY 2012-13 and determination of tariff for FY 2014-15 on 2nd December, 2013. The Commission admitted the petition (Case No. 1379 of 2013) on 4th December, 2013.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed TEL 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 12th December, 2013.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	Indian Express (Ahmedabad)	English	12.12.2013
2	Gujarat Samachar (Vadodara)	Gujarati	12.12.2013

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 two consumers / consumer organisations. 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 at Ahmedabad 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	Laghu Udyog Bharati (LUB), Gujarat	Yes
2	Utility Users' Welfare Association (UUWA)	Yes

A short note on the issues raised by the objectors in their written submissions and in public hearing in respect of the petition, along with the response of TEL-D and the Commission's views on the response are 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 TEL-D's petition.
3. The **third** chapter deals with the public hearing process, including the objections raised by various stakeholders, TEL-D'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 had approved the ARR for the five years of the second control period from FY 2011-12 to FY 2015-16 in the MYT Order dated 6th September, 2011.

TEL 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.

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.

2. Summary of TEL-D's Petition

Torrent Energy Limited (TEL) 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 TEL-D

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

Table 2.1: Actual Claimed by TEL-D for FY 2012-13

(Rs. Crore)

Annual Revenue Requirement	Approved in MYT Order	Actual as per TEL-D
Power Purchase Cost	334.48	31.76
O&M Expenses	1.46	2.09
Interest on Loans	10.09	5.24
Interest on Security Deposit	1.32	1.03
Interest on Working Capital	1.57	0
Depreciation	8.31	2.70
Provision for Bad Debt	0	0
Contingency Reserve	1.06	0.33
Return on Equity	6.21	2.50
Tax	0	0
Less: Non-Tariff Income	0.21	0.98
Annual Revenue Requirement	**364.29**	**44.69**

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

The Table below summarises the proposed ARR claimed by the TEL-D 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 TEL-D for FY 2012-13

(Rs. Crore)

Particulars	FY 2012-13
ARR as per MYT order (A)	364.29
Gain/(loss) due to Uncontrollable Factors (B)	318.95
Gain/(loss) due to Controllable Factors (C)	0.65
Pass through as tariff [D=(B+1/3rd of C)]	(319.17)
Revised ARR for True-up for FY 2012-13 [E=A+D]	45.12

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

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

(Rs. Crore)

Particulars	Approved in MYT Order	Actuals submitted
Annual Revenue Requirement	364.29	45.12
Less: Revenue from Sale of Energy	395.20	41.56
Gap/Surplus	(30.91)	3.56

TEL-D has requested the Commission to approve the gap of Rs. 3.56 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

TEL-D has considered the Revised ARR of Rs. 81.01 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	81.01
Less: Revenue from Sales of Power at Existing Tariff Rates including FPPPA @ Rs. 0.62 per unit	69.40
Net Gap/Surplus	**11.61**

TEL-D has proposed recovery of the above mentioned revenue gap through the proposed tariff.

TEL-D's Request to the Commission

TEL-D has requested the Commission to:

a) Admit the petition for True-up of FY 2012-13 and determination of tariff for FY 2014-15
b) Approve the trued up gap of FY 2012-13 as per the truing up.
c) Approve the sharing of gains/ losses as proposed by TEL-D for FY 2012-13.
d) Approve the gap for FY 2014-15 based on revised ARR as may be approved in the Mid-term Review.

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

f) Approve proposed tariff along with base FPPPA for its Dahej supply area.

g) Allow recovery of the costs as per the judgments of the Tribunal on the Appeals filed by the Petitioner.

h) Approve the modified FPPPA formula as applicable to the State Discom/ licensee for the consumers of Dahej supply area.

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 direction which the Commission deems fit to be issued.

l) Condone any inadvertent omissions/ errors/ rounding off difference/ shortcomings

3. Brief outline of objections raised, response from TEL-D and Commission's view

3.1 Public Response to the Petition

In response to the Public Notice inviting objections/suggestions from stakeholders on the petition filed by TEL-D for True-up for FY 2012-13 and determination of tariff for FY 2014-15, only one Organisation namely, Laghu Udyog Bharti has filed its objections/suggestions in writing.

The Commission has considered the objections/suggestions raised by the above mentioned stakeholder and the response of TEL-D on the same.

The details of the submissions made by the objector, response of the Petitioner and the view of the Commission are summarized in the following sections.

3.2 Objector 1: Laghu Udyog Bharti

Issue 1: Retail Supply and Accounting by supply Companies

The Laghu Udyog Bharati (LUB) has stated that:

(i) The ARR data does not reflect Annual Accounts report

(ii) Line cost is recovered from consumers and this is the property of the company. This is to be treated as profit.

(iii) Interest on depreciation shall be considered as profit and adjusted against net finance cost; and

(iv) Validation of per unit cost with D-4 Form is required.

Response of TEL-D

The petition and the annual report/ statement of accounts are prepared under different statutes. All the required information has been provided in accordance with the GERC (MYT) Regulations, 2011.

Commission's observation

The response of TEL-D is noted.

Issue 2: Availability of funds for FY 2012-13

The Laghu Udyog Bharati has stated that

(i) The final cash flow statement is required to show break up data in regard to sales, accumulated depreciation, security deposits, Current Assets etc; and
(ii) Utilisation of available funds towards current and other liabilities.

Response of TEL-D

The Cash Flow Statement is prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountant under the Companies Act, 1956 and duly certified by the Statutory Auditors. The Company has worked out the ARR in accordance with the provisions of GERC (MYT) Regulations, 2011.

Commission's observation

The response of TEL-D is noted.

Issue 3: Crediting of interest to net interest in ARR

The Laghu Udyog Bharati has stated that interest computed on available funds shall be credited to net interest requirement in ARRs.

Response of TEL-D

The funds referred to by the objector do not relate to the present petition since the petition and the Statement of accounts are prepared under different statutes. The Petitioner computed interest requirement in accordance with the provision of the GERC (MYT) Regulations, 2011.

Commission's observation

The response of TEL-D is noted.

Issue 4: Crediting of difference in interest paid on security deposit to net interest paid

The Laghu Udyog Bharati has stated that the difference in interest on security deposit must be credited to net interest paid.

Response of TEL-D

An amount of Rs. 1.03 Crore has been claimed as interest on security deposit in line with the provisions of the Act and Regulations.

Commission's observation

The response of TEL-D is noted.

Issue 5: Anomalies in figures in Annual Report and ARR

The Laghu Udyog Bharati has suggested that there shall be separate reference in ARR in respect of delayed payment charges and additional/theft bills recovery.

Response of TEL-D

All data has been furnished in accordance with the provisions of GERC (MYT) Regulations, 2011. The delayed payment charge is being considered as part of Non-Tariff Income whereas the revenue from theft cases is to be considered as part of sales revenue.

Commission's observation

The response of TEL-D is noted.

Issue 6: Interest and depreciation

The Laghu Udyog Bharati has stated that the interest and depreciation on lines, cables etc. recovered from consumers shall be treated as credit in ARRs.

Response of TEL-D

The depreciation is an eligible item of expense in computation of ARR as per GERC (MYT) Regulations, 2011. The total depreciation is reduced to the extent of assets financed through service line contribution recovered from the consumers and necessary treatment is given in this regard.

Commission's observation

The response of TEL-D is noted.

Issue 7: Consideration of receivables in ARR computation

The Laghu Udyog Bharati has stated that receivables are the sums due at the end of the financial year and shall be added to the ARR credit.

Response of TEL-D

The ARR computation is carried out in accordance with the GERC (MYT) Regulations, 2011. The amount of receivables has been included in the revenue and factored in gap calculation.

Commission's observation

The response of TEL-D is noted.

4. Truing up of FY 2012-13

4.0 Introduction

The Petitioner, in its petition for truing up of FY 2012-13 has furnished the actuals of energy sales, expenditure and revenue for FY 2012-13 based on the Audited Annual Accounts for FY 2012-13. It is submitted that the truing up of FY 2012-13 is on the basis of audited accounts.

The Commission has analysed the components of the actual energy sales, expenses and revenue under truing up for FY 2012-13.

GERC (MYT) Regulations, 2011 specify that the Commission shall undertake the truing up of expenses and revenue of licensee for the previous year, i.e., FY 2012-13, based on actuals as per Audited Accounts for FY 2012-13 and approved values for FY 2012-13 in the MYT Order.

4.1 Energy Sales

Petitioner's submission:

The Petitioner has submitted that the actual energy sales for FY 2012-13 are 66.48 MU, as against the approved sales of 691.29 MU in the MYT Order dated 12th December, 2011.

Table 4.1: Energy sales for FY 2012-13

(MU)

Particulars	Approved in the MYT Order for FY 2012-13	Actual for FY 2012-13
Energy Sales (MU)	691.29	66.48

TEL has submitted, that there has been a delay in the development of SEZ units due to domestic and global financial meltdown and change in the Tax structure. Further, OPAL the anchor Company of DSEZ is lagging in the project implementation. Ancillary industries which were dependent on the by-products of OPAL have also deferred their project implementation plan.

Thus the actual sales in FY 2012-13 are lower than the sales approved in MYT Order.

Commission's Analysis

In view of what has been stated above by the Petitioner, the Commission approves the energy sales of 66.48 MU for FY 2012-13.

4.2 Distribution Losses

Petitioner's submission

The Petitioner has submitted that it has been making all efforts to contain the distribution losses. Consequent to the efforts, it has outperformed the distribution losses approved by the Commission. The distribution losses are 0.91% as against 3.00% approved in the MYT Order.

Commission's analysis

The TEL-D has submitted that the actual distribution loss is 0.91% as against 3.00% approved in MYT Order.

The Commission approves the distribution loss of 0.91% for FY 2012-13, as per actuals.

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

Petitioner's submission

TEL has computed the gain due to reduction in distribution loss for Dahej area at Rs. 0.65 Crore, as given in the Petition, on account of reduction in distribution losses.

Table 4.2: Computation for reduction in energy requirement of TEL-D to reduction in distribution loss submitted by TEL-D

Particulars	UoM	Actual
Energy sales (a)	MU	66.48
MYT approved Distribution loss (b)	%	3%
Normative energy required at distribution level as per MYT approved loss [(c)=(a)/(1-(b))]	MU	68.54
Actual energy purchased at distribution level (d)	MU	67.09
Reduction in energy requirement [(e)=(c)-(d)]	MU	1.45
Power Purchase cost (f)	Rs./Unit	4.52
Saving due to improvement in distribution Loss [(g)=(e)*(f)/10]	Rs. Crore	0.65

Commission's analysis

The Commission has approved distribution loss at 3.00% in the MYT Order, whereas the TEL-D has claimed the actual distribution loss at 0.91% for FY 2012-13.

The Commission has verified the computation of Gain on account of reduction in distribution loss worked out by TEL-D and considered this.

The Commission approves the power purchase cost and gains/(losses) considered in the truing up for FY 2012-13 as given in the Table below:

Table 4.3: 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	334.48	31.76	302.72	-	302.72

Gain is considered as uncontrollable as network and business of TEL-D is in developing stage.

4.4 Energy Requirement

Petitioner's submission

Based on the energy sales and the actual transmission and distribution losses for FY 2012-13, the Petitioner has calculated the energy requirement for FY 2012-13. The energy requirement, as approved for FY 2012-13 in the MYT Order and actuals now submitted by the Petitioner, are as given in Table below:

Table 4.4: Energy Requirement as submitted by TEL for FY 2012-13

Sl. No.	All figures in Nos.	Approved in MYT Order	Actual Submitted
1	Energy Sales (MU)	691.29	66.48
2	Distribution Loss (%)	3.00%	0.91%
3	Distribution Loss (MU)	21.38	0.61
4	Energy Input at distribution level	712.67	67.09
5	Transmission Loss (MU)	30.62	3.17
6	Energy Requirement (MU)	743.29	70.26

Commission's analysis

The Commission has approved the distribution loss at 0.91% in para 4.2 above. The Commission computed the energy requirement with distribution loss of 0.91% (0.61 MU) and transmission loss of 3.17 MU for FY 2012-13 based on actuals, as given in Table below:

Table 4.5: Energy requirement approved by the Commission for truing up for FY 2012-13

Sl. No.	Particulars	Unit	Approved in MYT Order for FY 2012-13	Actuals submitted in truing up for FY 2012-13	Approved in truing up for FY 2012-13
1	Energy sales	MU	691.29	66.48	66.48
2	Distribution Loss	MU	21.38	0.61	0.61
3	Distribution Loss	%	3.00	0.91	0.91
4	Energy Requirement	MU	712.67	67.09	67.09
5	Transmission Loss	MU	30.62	3.17	3.17
6	Energy Required	MU	743.29	70.26	70.26

The Commission approves the energy requirement of 70.26 MU for truing up for FY 2012-13 as per actuals.

4.5 Availability of Power and Power Purchase Cost

Petitioner's submission

TEL-D has submitted that the requirement of power is being met from GUVNL.

The availability of power and power purchase cost, as per MYT order and actuals, are given in Table below:

Table 4.6: Availability of Power and Power Purchase Cost for FY 2012-13

Energy Sources	Approved in MYT Order	Actual Submitted
GUVNL (MU)	743.29	70.81
Less: UI (MU)	-	0.55
Total (MU)	743.29	70.26
All figures in Rs. Crore		
GUVNL	334.48	31.52
REC	-	0.24
Total	334.48	31.76

It is submitted by TEL-D that the variation in Power Purchase Cost from MYT Order is on account of variation in sales and variation in actual cost with respect to base rate during the year, which is uncontrollable except on account of variation in distribution loss.

Commission's analysis

As verified from the Annual Accounts for FY 2012-13. TEL-D has incurred power purchase Cost of Rs. 31.76 Crore including REC 0.24 Crore during FY 2012-13.

The Commission, accordingly, approves the power purchase cost of Rs. 31.76 Crore in the truing up for FY 2012-13.

4.6 Fixed Charges

4.6.1 Operations and Maintenance (O&M) expenses

TEL-D has claimed Rs. 2.09 Crore on O&M expenses against Rs. 1.46 Crore of composite O&M expenses approved for FY 2012-13 in the MYT order dated 12th December, 2011.

Petitioner's Submission

TEL-D has submitted that the O&M expenses of Rs. 1.46 Crore were approved for FY 2012-13 in the MYT order based on the O&M expenses (actual) incurred during the first half year of FY 2012-13 and approved the O&M expenses for FY 2012-13 at Rs. 1.38 Crore on pro-rata basis in the MYT order. The O&M expenses so approved have been escalated at 5.72% to determine the O&M expenses for each year of the control period. But the actual weighted average inflation rate was 7.52% for FY 2012-13, considering 60% and 40% weight to WP I & CP I respectively. TEL-D has further submitted that the increase in O&M expenses is on account of growth in the network coupled with higher rate of inflation. TEL has further submitted that the Petitioner had filed an appeal before the APTEL vide appeal to 32 of 2012. And the APTEL in its judgment dated 3rd July 2013 at Para 73 (iii) has observed as under:

> *"…therefore, the O&M expenses for the control period have to decided by the state Commission based on the actual expenses incurred by the appellant, after prudence check in the True-up of accounts for FY 2011-12 & 2012-13. The state Commission shall thereafter also re-determine the O&M expenses for the FYs 2013-14 to 2015-16 taking into account actual expenses for previous years and additional expenses on the additional infrastructure proposed during the period ….."*

TEL-D has further mentioned that the entire variation in O&M expenses should be considered as uncontrollable due to difference in estimated and actual inflation rate coupled with business growth.

TEL-D has claimed a sum of Rs. 2.09 Crore towards actual O&M expenses in the truing up for FY 2012-13, as shown in Table below:

Table 4.7: O&M expenses of TEL-D claimed for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	O&M Expenses	1.46	2.09

Commission's Analysis

In response to Hon'ble APTEL's judgement in Appeal nos. 32/2012 and 214/2012 on 03.07.2013 and 17.09.2013 respectively, the Commission has passed the consequential order on the above-mentioned APTEL Judgements on 26th May, 2014. As mentioned in the consequential Order dated 26th May, 2014, the Commission has addressed the issue of O&M expense in this order as under;

The O&M expenses for FY 2012-13, as per audited annual accounts, are Rs. 2.09 Crore.

The Commission approves the O&M expenses at Rs. 2.09 Crore in the truing up for FY 2012-13 in line with the Audited Accounts.

With regard to variation in the O&M expenses, the Commission considers the variation in O&M expenses as uncontrollable in accordance with the aforesaid APTEL judgements.

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

Table 4.8: O&M expenses and Gains / (Losses) approved in truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing –up for FY 2012-13	Deviation + / (-)	Gains / (losses) due to Controllable factor	Gains / (losses) due to uncontrollable factor
1	O&M Expenses	1.46	2.09	(0.63)	-	(0.63)

Regarding the issue of considering the variation in O&M expenses as uncontrollable for FY 2011-12 in accordance with the aforesaid APTEL judgments, as the Commission had already considered the 1/3rd loss in this account in the trued up gap/surplus of FY 2011-12 in the determination of tariff for FY 2013-14, the remaining 2/3rd loss amounting to Rs. 0.63 Crore of total loss of Rs. 0.95 Crore is required to be considered. This issue will be addressed during the truing up for FY 2013-14.

4.6.2 Capital expenditure, Capitalization and Sources of Funding

The TEL-D has furnished the actual capital expenditure at Rs. 6.69 Crore in the truing up for FY 2012-13 as against Rs. 40.94 Crore approved in the MYT order for FY 2012-13 as detailed in the Table below:

Table 4.9: Capital expenditure claimed by TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing – up for FY 2012-13
1	EHV	6.31	-
2	HT Network	26.92	5.13
3	others	7.72	1.56
4	**Total**	**40.94**	**6.69**

Petitioner's submission

Capital Expenditure and Capitalization

Capital Expenditure

TEL-D has submitted that the capital expenditure of Rs. 6.69 Crore incurred in Dahej Supply Area was lower than the approved value, primarily due to lower growth than anticipated, as against Rs. 40.94 Crore approved in the MYT order for FY 2012-13. It is submitted that looking at the slower pace of development of units located at Dahej SEZ, it has deferred its Capex to the future years. TEL-D has indicated the major variances in the actual expenditure against the approval as detailed below:

a) EHV Network (220 kV):- The Commission has approved Rs. 6.31 Crore towards the EHV network. However, considering the overall scenario at Dahej SEZ and the current lower demand, the Petitioner has deferred the expenditure under this head to future years.

b) 33 kV and 11 kV Network [HT Network]:- The Commission has approved an expenditure of Rs. 26.92 Crore whereas the actual expense incurred is Rs. 5.13 Crore. The variation is on account of deferment of expenditure. Certain projects like installation of 1 no. of 20 MVA 33/11 kV transformer at 33 kV substation [West phase] and at 33 kV substation [East phase] which were proposed in FY 2012-13 have been deferred to FY 2014-15 and FY 2015-16 respectively.

c) Others:- The expenditure related to building and Admin equipment and GIS which were proposed to be incurred in FY 2012-13 have been deferred to FY 2014-15.

Capitalization

The TEL-D has claimed a sum of Rs. 6.69 Crore towards capitalization during FY 2012-13.

Commission's Analysis

Capital Expenditure and Capitalization

The net addition of assets during FY 2012-13 is Rs. 6.69 Crore as verified from the audited annual accounts of TEL-D for the FY 2012-13.

The Commission observes that the petitioner has capitalised a lower amount, as against the amount considered by the Commission in the MYT order for FY 2012-13.

The Commission approves the capitalisation at Rs. 6.69 Crore in the truing up for FY 2012-13 and source of funding as given in the Table below:

Table 4.10: Approved capitalization and sources of funding for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13
1	Capital Expenditure	40.94	-
2	Capitalization during the year	107.06	6.69
3	Less: SLC	4.53	2.21
4	Balance capitalization	102.53	4.48
5	Normative Debt @ 70%	71.77	3.14
6	Normative Equity @ 30%	30.76	1.34

4.6.3 Depreciation

The TEL-D has claimed a sum of Rs. 2.70 Crore towards depreciation in the truing up for FY 2012-13, against Rs. 8.31 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.11: Depreciation claimed by TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	Depreciation	8.31	2.70

Petitioner's submission

The TEL-D has submitted that the depreciation rates as per CERC (Terms and Conditions of Tariff) Regulations, 2009 are applied on the opening GFA and for the assets capitalised during the year.

Commission's Analysis

The Petitioner has computed the depreciation for FY 2012-13 by applying CERC depreciation rates, asset classification wise. As observed from the audited accounts, depreciation for the year has been shown after reducing the proportion of the amount of depreciation provided on assets created against the service line contribution.

The Commission, accordingly, approves the depreciation at Rs. 2.70 Crore in the truing up for FY 2012-13 as per audited annual accounts.

As noted in Para 4.6.4 later, 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 Table below:

Table 4.12: Depreciation and Gains / (Losses) due to depreciation approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Depreciation	8.31	2.70	5.61	-	5.61

4.6.4 Interest expenses

The TEL-D has claimed a sum of Rs. 5.24 Crore towards actual interest expenses in the truing up for FY 2012-13 as detailed in the Table below against Rs. 10.09 Crore approved in the MYT Order for FY 2012-13.

Table 4.13: Interest Expense claimed by TEL-D for Dahej Supply Area

(Rs. Crore)

Sl. No.	Particulars	FY 2012-13
1	Capitalisation during the year	6.69
2	Less: SLC	2.21
3	Capitalization for Debt	4.48
4	Normative Debt @70%	3.14
5	Operating Balance	38.21
6	Less: Repayment	2.70
7	New Borrowings	3.14
8	Closing Balance	38.64
9	Interest Expense @13.50%	5.19
10	Other Borrowing Cost	0.06

Petitioner's submission

The TEL-D has submitted that the Commission, in its order in Case No. 1177/2011 had revised the interest expenses, based on TEL-D's proposal, considering the estimated capital expenditure during FY 2012-13.

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. TEL-D has considered the repayment equivalent to the depreciation for the year. The Petitioner has adopted the opening weighted average rate of interest on the eligible additional loan component.

Commission's Analysis

TEL-D has claimed interest at 13.50%, as against 10.50% approved in the MYT order. The Commission considers the interest of 10.50% as approved in the MYT order in the absence of actual loan portfolio.

The closing loan of Rs. 38.10 Crore, as approved in the truing up for FY 2011-12, is considered as opening loan for FY 2012-13. The other borrowing costs are not considered in the absence of actual loan portfolio.

The Commission has recomputed the interest on loan for FY 2012-13 as detailed in the Table below:

Table 4.14: Interest approved by the Commission in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved in truing up for FY 2012-13
1	Opening Loan	38.10
2	New loan during the year	3.14
3	Repayment during the year	2.70
4	Closing loan	38.54
5	Average loan	38.32
6	Rate of interest	10.50%
7	Interest	4.02
8	Other borrowing costs	-
9	Total interest and finance charges	4.02

The Commission, accordingly, approves the interest and finance charges at Rs. 4.02 Crore in the truing up for FY 2012-13.

As regard to the computation of Gains/(Losses), Regulation 23.2 considers the variation in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of capital expenditure projects, not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. While approving the True-up for FY 2011-12, the Commission had considered the variation in the Capitalisation and the resultant change in depreciation, Interest on borrowings and Return on Equity as uncontrollable.

With regard to the computation of Gains / Losses, the 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 capitalization, 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 capitalization due to bonafide reasons, the utility cannot be penalised by allowing only 1/3rd of the loss in the ARR. Accordingly, the Commission decides to consider variation in capitalization as uncontrollable. Hence, the components of ARR related to capitalization, like interest and finance charges, depreciation and return on equity are considered as uncontrollable.

The Commission, accordingly, approves the Gains / Losses on account of interest and finance charges in the truing up for FY 2012-13 as detailed in the Table below:

Table 4.15: Gains / (Losses) approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Deviation +/(-)	Gains/ (Losses) due to controllable factor	Gains/ (Losses) due to uncontrollable factor
1	Interest on Loans	10.09	4.02	6.07	-	6.07

4.6.5 Interest on working capital

The TEL-D has not claimed any sum towards interest on working capital, as against Rs. 1.57 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.16: Interest on working capital claimed by for TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	O&M expenses for 1 month	0.13	0.17
2	1% of GFA for Maintenance spares	1.05	0.60
3	Receivables for 1 month	32.93	3.46
4	Less: Security Deposit (Average)	22.05	10.01
5	Normative Working Capital	12.06	(5.77)
6	Interest Rate	13%	14.75%
7	Interest on working Capital	1.57	-

Petitioner's submission

The TEL-D has submitted that the interest on working capital worked out to be negative due to reduction in receivables.

Commission's analysis

The Commission has examined the interest on working capital claimed by TEL-D for FY 2012-13. For computation of Interest on Working Capital, TEL-D has considered opening balance of the security deposit amounting to Rs. 10.01 Crore while the Commission has considered the average security deposit amounting to Rs. 15.56 Crore.

Regulation 41.2 (b) of GERC (MYT) Regulations, 2011 specifies that interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the Financial year in which the petition is filed. The Commission had taken into consideration the rate of Interest at 11.75% prevailing at the time the MYT Petition was filed. The Commission while approving the interest on working capital in the 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 is 14.75%. The Commission, accordingly, takes into consideration the SBAR of 14.75% in computation of Interest in Working Capital for FY 2012-13.

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

Table 4.17: 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	0.17	0.17
2	1% of GFA for Maintenance spares	0.60	0.60
3	Receivables for 1 month	3.46	3.46
4	Less: Security Deposit (Avg.)	10.01	15.56
5	Normative Working Capital	(5.77)	(11.33)
6	Interest Rate	14.75%	14.75%
7	Interest on working Capital	Nil	Nil

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

The deviation is Rs. 1.57 Crore and 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 4.18: Interest on working capital approved for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Interest on Working Capital	1.57	-	1.57	-	1.57

4.6.6 Interest on security deposit

The TEL-D has claimed a sum of Rs. 1.03 Crore towards interest on security deposit in the truing up for FY 2012-13 against Rs. 1.32 Crore approved in the MYT Order for FY 2012-13 as detailed in the Table below:

Table 4.19: Interest on security deposit claimed for TEL-D, Surat for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	Interest Rate	6%	9.50%
2	Interest on Security Deposit	1.32	1.03

Petitioner's submission

The TEL-D has submitted that the actual interest expense on the security deposit is Rs. 1.03 Crore, against Rs. 1.32 approved in the MYT order, for FY 2012-13. TEL-D 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 annual accounts and found that the actual interest is Rs. 1.03 Crore.

The Commission, accordingly, approves the interest on security deposit at Rs. 1.03 Crore in the truing up for FY 2012-13.

The deviation of Rs. 0.29 Crore is considered to be a gain on account of uncontrollable factors as detailed in the Table below:

Table 4.20: Approved Gains / (Losses) due to interest paid on security deposit in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Deviation +/(-)	Gains/ (Losses) due to controllable factor	Gains/ (Losses) due to uncontrollable factor
1	Interest on Security Deposit	1.32	1.03	0.29	-	0.29

4.6.7 Bad debt written off

TEL-D has claimed Rs. Nil towards bad debts written off in the truing up for FY 2012-13 against Rs. Nil approved in the MYT Order for FY 2012-13 as detailed in the Table below:

Table 4.21: Bad debts written off claimed for TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	Bad Debts written off	-	-

Petitioner's submission

The Petitioner has submitted that it has not written off any bad debts during FY 2012-13.

Commission's Analysis

The Commission has verified and found that the bad debts written off with reference to the audited annual accounts for FY 2012-13 are Nil.

4.6.8 Contingency Reserve

Petitioner's submission

TEL-D has proposed the contingency reserve at Rs. 0.33 Crore in the truing up for FY 2012-13 as against Rs. 1.06 Crore approved in the MYT order for FY 2012-13, as detailed in the Table below:

Table 4.22: Contingency Reserve claimed for TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	Contingency Reserve	1.06	0.33

Commission's Analysis

While verifying the Audited Accounts of FY 2012-13, the Commission has noted that no provision of contingency reserve is made by TEL-D though it was already approved by the Commission in MYT Order dated 12th December, 2011.

The Commission, accordingly, approves the contingency reserve as Nil in the truing up for FY 2012-13 and the deviation in the contingency reserve is considered as a gain on account of uncontrollable factors.

Table 4.23: Contingency reserve and Gains / (Losses) approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Contingency Reserve	1.06	0.00	1.06	-	1.06

4.6.9 Return on equity

The TEL-D has claimed a sum of Rs. 2.50 Crore towards return on equity @ 14% in the truing up for FY 2012-13 as against Rs. 6.21 Crore approved in the MYT Order for FY 2012-13 as detailed in the Table below:

Table 4.24: Return on equity claimed for TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	Opening equity	28.99	17.17
2	Equity addition during the year	30.76	1.34
3	Closing equity during the year	59.75	18.51
4	Return on equity	6.21	2.50

Petitioner's submission

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

Commission's Analysis

The opening equity for FY 2012-13 is as per the closing equity approved in the True-up for FY 2011-12 and the closing balance of equity has been arrived at considering the additional equity of 30% of the capitalisation during the year. The return on equity has been thus computed applying a rate of 14% on the average of the opening and closing balance of equity for FY 2012-13.

The Commission accordingly approves the return on equity at Rs. 2.50 Crore in the truing up for FY 2012-13 as given in the Table below:

Table 4.25: Return on equity approved for TEL-D 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	17.17	17.17
2	Equity addition during the year	1.34	1.34
3	Closing equity during the year	18.51	18.51
4	Average Equity	-	17.84
5	Return on Equity @ 14%	2.50	2.50

As noted in Para 4.6.4 above, the Commission is of the view that the Return on Equity should be treated as uncontrollable. The Commission, accordingly, approves the Gain / Losses on account of return on equity in the truing up for FY 2012-13, as detailed in Table below:

Table 4.26: Return on equity and Gains / (Losses) approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Return on Equity	6.21	2.50	3.71	-	3.71

4.6.10 Income Tax

The TEL-D has not claimed income tax in the truing up for FY 2012-13, as against Rs. 0.00 Crore approved in the MYT Order for FY 2012-13, as detailed in the Table below:

Table 4.27: Income Tax claimed for TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	Income Tax	0.00	0.00

Petitioner's submission

The TEL-D has submitted that it has not claimed any income tax for FY 2012-13 as there is a loss as per the certified financial statement of Dahej supply area PBT, as per audited accounts. TEL-D has also submitted that the variation in Income Tax be considered as uncontrollable.

Commission's Analysis

As verified from the audited annual accounts, against the Tax expenses the current tax is Nil.

The Commission, accordingly, does not approve any the income tax in the truing up for FY 2012-13.

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

Table 4.28: Income tax and Gains / (Losses) due to income tax approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Income Tax	0.00	0.00	0.00	-	0.00

4.6.11 Non-Tariff income

The TEL-D has furnished the Non-Tariff income at Rs. 0.98 Crore in the truing up for FY 2012-13 against Rs. 0.21 Crore approved in the MYT order for FY 2012-13 as detailed in the Table below:

Table 4.29: Non-Tariff income claimed for TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	Non-Tariff Income	0.21	0.98

Petitioner's submission

The Petitioner has submitted that the actual Non-Tariff income for FY 2012-13 is Rs. 0.98 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 to be Rs. 0.98 Crore.

The Commission, accordingly, approves the Non-Tariff income at Rs. 0.98 Crore in the truing up for FY 2012-13.

The deviation in Non-Tariff income at Rs. 0.77 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 4.30: Non-Tariff income and Gains / (Losses) approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains/ (Losses) due to uncontrollable factor
1	Non-Tariff Income	0.21	0.98	0.77	-	0.77

4.6.12 Revenue from sale of power

Petitioner's submission

The TEL-D has submitted the revenue from sale of power at Rs. 41.56 Crore in the truing up for FY 2012-13 against Rs. 395.20 Crore approved in the MYT Order for FY 2012-13 as detailed in the Table below:

Table 4.31: Revenue with existing tariff claimed for TEL-D-D Surat for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Actual claimed in truing up for FY 2012-13
1	Revenue from existing tariff	395.20	41.56

Commission's Analysis

In additional details submitted by TEL-D, the Commission observed that the revenue from power supply is Rs. 41.56 Crore as per the audited annual accounts.

The Commission considers the revenue from sale of power at Rs. 41.56 Crore, as submitted by TEL-D for FY 2012-13.

4.6.13 Gains / Losses under truing up for FY 2012-13

The Commission has reviewed the performance of TEL-D under Regulation 22 of GERC (MYT) Regulations, 2011, with reference to 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 12th December, 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 4.32: ARR approved in respect of TEL-D 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 +/(-)	Gain/ (Losses) due to controllable factors	Gain/ (Losses) due to uncontrollable factors
1	**2**	**3**	**4**	**5**	**6=(3-5)**	**7**	**8**
1	Power purchase Cost	334.48	31.76	31.76	302.72	-	302.72
2	Operations and Maintenance expenses	1.46	2.09	2.09	(0.63)	-	(0.63)
3	Depreciation	8.31	2.7	2.7	5.61	-	5.61
4	Interest on Loans	10.09	5.24	4.02	6.07	-	6.07
5	Interest on working capital	1.57	0	0	1.57	-	1.57
6	Interest on Security Deposit	1.32	1.03	1.03	0.29	-	0.29
7	Bad debts written off	0	0	0	0	-	0.00
8	Contingency Reserve	1.06	0.33	0	1.06	-	1.06
9	Return on equity	6.21	2.5	2.5	3.71	-	3.71
10	Income Tax	0	0	0	0	-	0.00
11	**Total expenditure**	**364.50**	**45.65**	**44.10**	**320.40**	**-**	**320.40**
12	Less: Non-Tariff Income	0.21	0.98	0.98	0.77		0.77
13	**Aggregate Revenue Requirement**	**364.29**	**44.67**	**43.12**	**319.63**	**-**	**319.63**

4.6.14 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:

a. *One-third of the amount of such loss may be passed on as an additional charge in Tariffs over such period as may be specified in the Order of the Commission under Regulation 22.6; and*
b. *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 gain of Rs. 319.63 Crore on account of uncontrollable factors shall be passed on to the consumers through an adjustment in the tariff. The revenue gap as compared to the ARR approved in the MYT order dated 6th September, 2011 is summarized in Table below:

Table 4.33: ARR approved in the truing up for TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	FY 2012-13
1	ARR approved in the MYT order for FY 2012-13	364.29
2	Less: Gain on account of uncontrollable factor to be passed on to consumers	319.63
3	Trued up ARR for FY 2012-13	44.66

The Commission does not consider the carrying cost claimed for TEL-D as there is no such provision in GERC (MYT) Regulations, 2011. The following Table summarizes the revenue gap for Dahej supply area for FY 2012-13.

Table 4.34: Revenue gap for TEL-D for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT order for FY 2012-13	Actual claimed in truing up for FY 2012-13	Approved in truing up for FY 2012-13
1	Annual Revenue Requirement	364.29	45.12	44.66
2	Revenue from sale of power	395.20	41.56	41.56
3	Net (Gap)/ Surplus (2-1)	30.91	(3.56)	(3.10)

The commission has arrived at a revenue gap of Rs. 3.10 Crore in the truing up for FY 2012-13 as against Rs. 3.56 Crore claimed by TEL-D.

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 TEL-D. 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 MYT Order	Projected in Mid-term Review	Approved in Mid-term Review
1	Power Purchase Cost	823.6	50.47	47.64
2	O&M Expenses	1.63	6.74	2.67
3	Depreciation	15.51	5.76	5.84
4	Interest on Loans	17.07	9.44	6.51
5	Interest on Working Capital	1.68		-
6	Interest on Security Deposit	4.05	3.1	2.75
7	Bad debts written off			-
8	Contingency Reserve	1.62	0.75	0.63
9	Return on Equity @14%	11.68	5.01	4.93
10	Income Tax			-
11	**Total Expenditure**	**876.84**	**81.27**	**70.97**
12	Less: Non-Tariff Income	0.22	0.25	0.98
13	**Aggregate Revenue Requirement**	**876.62**	**81.02**	**69.99**

5.3 Projected Revenue from existing tariff for FY 2014-15

The TEL-D has projected the Revenue from sale of power at Rs. 69.40 Crore in the Mid-term Review for FY 2014-15 with existing Tariff including FPPPA of Rs. 0.62 per unit. The details are given in the Table below:

Table 5.2: Sales and Revenue Projected for FY 2014-15 in the MTR

Sl. No.	Category	Units Sold MU	Revenue Rs. Crore
1	Non-RGP	0.38	0.19
2	HTP-I	105.65	60.74
3	HTP-III Temporary	6.87	7.24
4	Temporary	1.53	1.18
5	Street Lighting	0.12	0.05
	Total	114.56	69.40

Commission's Analysis

The Commission has reviewed the sales and approved the sales of 140.61 MU as projected by the TEL-D in the Mid-term Review. The Commission approves the sales revenue at Rs. 69.40 Crore in the Mid-term Review including FPPPA @ Rs. 0.62 per kWh for FY 2014-15.

TEL has projected the revenue gap for FY 2014-15 as detailed in the Table below:

Table 5.3: Revenue Gap Projected by TEL-D for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	FY 2014-15
1	ARR	81.01
2	Revenue from adjusting tariff including FPPPA at Rs. 0.62 per unit	69.40
3	Net (Gap) / Surplus (2-1)	(11.61)

The Commission has estimated the gap for FY 2014-15 as detailed 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	69.99
2	Add: Revenue Gap from True-up of FY 2012-13	3.10
3	Total Aggregate Revenue Requirement	73.09
4	Revenue with Existing Tariff including FPPPA of Rs. 0.62 per unit	69.40
5	(Gap)/Surplus (4-3)	(3.69)

Accordingly, the Commission approves the revenue gap of Rs. 3.69 Crore for TEL-D for determination of tariff for FY 2014-15.

5.4 Proposal of TEL-D for increase in Retail Tariff

TEL-D has computed the cumulative gap for FY 2012-13 and FY 2014-15 and has proposed the estimated revenue gap during FY 2014-15. TEL-D has proposed the tariff rates at par with the existing tariff rates applicable to DGVCL consumers along with the base FPPPA at Rs. 1.22 per unit from its SEZ consumers from 1st April 2014. The Petitioner has also submitted that the proposed tariff along with FPPPA would allow it to recover the revenue of Rs. 82.58 Crore.

Commission's Analysis

As per the Commission's analysis of the proposal of the Petitioner the consolidated gap for FY 2014-15 including the truing up for FY 2012-13 is estimated at Rs. 3.69 Crore as shown in para 5.3 above. The gap is considering revenue with base FPPPA at Rs. 0.62 per unit. The Commission decided to increase the energy charges for all the category of consumers by 30 paise/unit. With this revision in tariff, it is estimated that revenue of TEL-D shall increase by Rs. 3.43 Crore. The approved retail supply tariff schedule for TEL-D is annexed.

6. Fuel and Power Purchase Price Adjustment

6.1 Fuel Price and Power Purchase Price Adjustment

The Commission had approved the formula for Fuel Price and Power Purchase Cost Adjustment (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:

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

Note: Although no purchase from Power Exchange has been considered in the power purchase portfolio as indicated in Mid-term Review Order, in case there is a need to purchase power from the power exchange, the same shall be considered for calculation of PPCA in the FPPPA formula.

6.3 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for TEL-D 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	122	47.64	3.91

As mentioned above the base Power Purchase cost for the TEL-D is Rs. 3.91 per kWh and the base FPPPA charge is Rs. 0.62 per kWh.

TEL 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 TEL-D.

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.

7. Wheeling Charges and Cross-Subsidy Surcharge

7.1 Introduction

Regulation 88.1 of GERC (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.

7.2 Wheeling charges

Petitioner's Submission

The TEL has allocated the total ARR expenditure of TEL-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 TEL based on the following allocation matrix:

Table 7.1: Allocation matrix for segregation to Wheeling and Retail Supply submitted by TEL-D 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 TEL segregated total ARR of TEL-D Dahej supply area into ARR for wheeling and retail supply business as shown below:

a. ARR of Wheeling Business – Rs. 23.31 Crore

b. ARR of Retail Supply Business – Rs. 57.70 Crore

Determination of Wheeling Charges

It is submitted by TEL-D that the sales to the L.T. category are negligible. Hence, it has not segregated the wheeling ARR in the LT and HT category. It has considered the wheeling ARR for determination of wheeling charges. The wheeling charges for FY 2014-15 based on the ARR for FY 2014-15 is as below:

ARR of wheeling Business – Rs. 23.31 Crore
Sales (MU) – 114.56
Wheeling Charges is – Rs. 2.03 per kWh.

It is further submitted by TEL-D that the Open Access consumers will also have to bear the wheeling losses in addition to wheeling charges at 2.00%.

Commission's Analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharge, 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 7.2: Allocation matrix for segregation to Wheeling and Retail Supply for TEL-Dahej 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 7.3: Allocation ARR between wheeling and retail supply business for Dahej for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power Purchase expenses	47.64	0.00	47.64
2	O&M Expenses	2.67	1.60	1.07
	i) Employee Expenses			
	ii) R&M Expenses			
	iii) A&G Expenses			
3	Depreciation	5.84	5.26	0.59
4	Interest on loan	6.51	5.86	0.65
5	Interest on consumer security deposit	2.75	0.27	2.47
6	Interest on working capital	0.00	0.00	0.00
7	Provision for bad debt	0.00	0.00	0.00
8	Income tax	0.00	0.00	0.00
9	Contribution to contingency reserve	0.63	0.63	0.00
10	Return on equity	4.93	4.44	0.49
11	Less: Non-Tariff Income	0.98	0.10	0.88
12	**Net ARR**	**69.99**	**17.96**	**52.03**

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 TEL-D for apportionment of ARR between HT and LT voltage level as mentioned in para 7.2, which is also in tune with the judgment 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:

The wheeling charges are arrived at Rs. 1.57 per kWh as below:

ARR of wheeling business (Rs. Crore)	– 17.96
Sales (MU)	– 114.56
Wheeling Charges	– Rs. 1.57 / kWh.

The Open Access consumer will also have to bear the distribution loss at 2.00% in addition to the wheeling charges.

The Commission approves the wheeling charges at Rs. 1.57 per kWh for FY 2014-15.

7.3 Cross Subsidy Surcharge

Petitioner's Submission

Determination of Cross-Subsidy Surcharge

The TEL-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

TEL 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 7.4: Cross subsidy surcharge for FY 2014-15

Sl. No.	Particulars	HT Industry
1	T	6.05
2	C	3.91
3	D	1.57
4	L	2.00%
5	S = Cross subsidy surcharge	Rs 0.49 /kWh

1. Average HT tariff including base FPPPA charge @
   Rs. 0.62 per unit for FY 2014-15: Rs 6.05 / kWh
2. Wt. Avg. Power purchase cost of top 5% at margin: Rs. 3.91 / kWh
3. Cross subsidy surcharge for HT

   S = 6.05 - [3.91 (1+2/100) + 1.57]

   = Rs. 0.49/kWh

The cross subsidy surcharge is approved at Rs. 0.49/kWh.

8. Compliance of Directives

8.1 The Commission in its Tariff Order dated 27th May, 2013 has given certain directives to TEL-D in the petition. TEL-D has confirmed compliance of the directives issued by the Commission. The comments of the Commission on the submission/compliance of the TEL-D is given below:

Directive: O&M Expenses

The Commission observes that per unit O&M expenses of TEL-D are quite high than that approved and compared to other DISCOMs. TEL-D is hereby directed to take the necessary actions to optimize the O&M expenses.

Compliance:

TEL-D submitted that it has noted the directive and is making all efforts to maintain at optimum level.

Commission's Comments:

The Commission has noted the submission of the Petitioner.

Directive: Capital Expenditure and Capitalisation

The Commission observes that the Petitioner has capitalised a lower amount, as against an amount considered by the Commission in the MYT order for FY 2011-12.

The Commission directs the Petitioner to prepare a realistic capital expenditure plan along with proper time lines for the ensuing year to ensure the ARR is not inflated. Further, the cost of 220 kV line from GETCO to DGEN should be considered as part of the DGEN cost instead of attributing it to distribution business.

Compliance:

TEL-D has explained the reasons for variance in the capital expenditure in the petition. Regarding cost of 220 kV line from GETCO, TEL-D has clarified vide its petition in case no 1335/2013 that the line is from GETCO to 220 kV TEL-D substation.

Commission's Comments:

The Commission has noted the submission of the Petitioner.

COMMISSION'S ORDER

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

Approved ARR for TEL-D for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	FY 2014-15
1	Power purchase Cost	47.64
2	Operations and Maintenance expenses	2.67
3	Depreciation	5.84
4	Interest on Loans	6.51
5	Interest on working capital	-
6	Interest on Security Deposit	2.75
7	Bad debts written off	-
8	Contingency Reserve	0.63
9	Return on equity	4.93
10	Income Tax	-
11	**Total expenditure**	**70.97**
12	Less: Non-Tariff income	0.98
13	**Aggregate Revenue Requirement**	**69.99**

The retail supply tariffs for TEL 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: 29/05/2014

ANNEXURE: TARIFF SCHEDULE

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

Effective from 1st May, 2014

GENERAL CONDITIONS

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by all the consumers of Torrent Energy Limited – Distribution in the Dahej SEZ area.

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

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

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

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

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

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

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

9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be.

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

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

11. The Fixed charges, minimum charges, demand charges, meter rent and the slabs of consumption of energy for energy charges mentioned shall not be subject to any adjustment on account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of billing period for any reason.

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

13. Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the Formula approved by the Gujarat Electricity Regulatory Commission from time to time.

14. Payment of penal charges for usage in excess of contract demand / load for any billing period does not entitle the consumer to draw in excess of contract demand / load as a matter of right.

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

16. Delayed payment charges for all consumers:

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

    Delayed payment charges will be levied at the rate of 15% per annum for the period from the due date till the date of payment.

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

PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY AT LOW AND MEDIUM VOLTAGE

1.0 Rate: RGP

This tariff is applicable to all services in the residential premises.

Single-phase supply: Aggregate load up to 6 kW

Three-phase supply: Aggregate load above 6 kW

1.1 Fixed Charges/Month:

Range of Connected Load:

(a)	Up to and including 2 kW	Rs. 5/- per month
(b)	Above 2 and up to 4 kW	Rs. 15/- per month
(c)	Above 4 and up to 6 kW	Rs. 30/- per month
(d)	Above 6 kW	Rs. 45/- per month

PLUS

1.2 Energy Charges: For the total monthly consumption:

(a)	First 50 units	325 Paise per Unit
(b)	Next 50 units	355 Paise per Unit
(c)	Next 150 units	420 Paise per Unit
(d)	Above 250 units	510 Paise per Unit

1.3 Minimum bill (excluding meter charges)

Payment of fixed charges as specified in 1.1 above.

2.0 Rate: Non-RGP

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

2.1 Fixed charges per month:

(i) Up to and including 10 kW of connected load	Rs. 30/- per kW
(ii) Above 10 and up to 40 kW of connected load	Rs. 55/- per kW

PLUS

2.2 Energy charges:

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	420 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	450 Paise per Unit

2.3 Minimum Bill

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

Payment of Fixed Charge as specified in 2.1 above.

2.4 Minimum Bill per Installation for Seasonal Consumers

a) "Seasonal Consumer", shall mean a consumer who takes and uses power supply for ice factory, ice candy machines, ginning and pressing factory, oil mill, rice mill, huller, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fisheries industry), tapioca industries manufacturing starch, etc.

b) Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing in advance about the off-season period during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The total period of the off-season so declared and observed shall be not less than three calendar months in a calendar year.

c) The total minimum amount under the head "Fixed and Energy Charges" payable by the seasonal consumer satisfying the eligibility criteria under sub- clause (a) above and complying with the provision stipulated under sub-clause (b) above shall be Rs. 1600/- per annum per kW of the contracted load.

d) The units consumed during the off-season period shall be charged for at a flat rate of 435 Paise per unit.

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

3.0 Rate: LTMD

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

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

3.1 Fixed charges:

(a)	**For billing demand up to the contract demand**	
	(i) For first 40 kW of billing demand	Rs. 65/- per kW per month
	(ii) Next 20 kW of billing demand	Rs. 100/- per kW per month
	(iii) Above 60 kW of billing demand	Rs. 165/- per kW per month
(b)	**For billing demand in excess of the contract demand**	Rs. 210/- per kW

PLUS

3.2 Energy charges:

For the entire consumption during the month	455 Paise per unit

PLUS

3.3 Reactive Energy Charges:

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

3.4 Billing Demand

The billing demand shall be highest of the following:

(a) Eighty-five percent of the contract demand

(b) Actual maximum demand registered during the month

(c) 15 kW

3.5 Minimum Bill

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

3.6 Seasonal Consumers taking LTMD Supply:

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

3.6.2 A consumer, who desires to be billed for minimum charges on annual basis, shall intimate in writing in advance about the off-season during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of off-season so declared and observed shall be not less than three calendar months in a calendar year.

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

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

(a) The highest of the actual maximum demand registered during the calendar year.
(b) Eighty-five percent of the arithmetic average of contract demand during the year.
(c) 15 kW.

3.6.5 Units consumed during the off-season period shall be charged for at the flat rate of 435 Paise per unit.

4.0 Rate: Non-RGP Night

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

4.1 Fixed Charges per month:

Fixed charges specified in Rate Non-RGP above.

PLUS

4.2 Energy Charges:

For entire consumption during the month	250 Paise per unit

NOTE:

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

prescribed hours.

2. *This tariff shall be applicable if the consumer so opts to be charged in place of Non-RGP tariff by using electricity exclusively during night hours as above.*
3. *The option can be exercised to switch over from Non-RGP tariff to Non-RGP Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
4. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category Non-RGP.*

5.0 Rate: LTMD- Night

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

5.1 Fixed Charges per month:

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

PLUS

5.2 Energy Charges:

For entire consumption during the month	250 Paise per unit

5.3 Reactive Energy Charges:

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

NOTE:

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

6.0 <u>Rate: WWSP</u>

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

(a)	Fixed charges per month	Rs. 15 per HP
	PLUS	
(b)	Energy charges per month: For entire consumption during the month	415 Paise per Unit

7.0 <u>Rate: SL</u>

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

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

7.1.1 Energy Charges:

For all the units consumed during the month	390 Paise per unit

7.1.2 Renewal and Replacements of Lamps:

The consumer shall arrange for renewal and replacement of lamp at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.

7.1.3 Maintenance other than Replacement of Lamps:

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

8.0 <u>Rate: TMP</u>

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

8.1 FIXED CHARGE

Fixed charger per installation	Rs. 14 per kW per Day

8.2 ENERGY CHARGE

A flat rate of	455 Paise per unit

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

PART-II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION

(3.3 KV AND ABOVE, 3-PHASE 50 C/S), AND EXTRA HIGH TENSION

The following tariffs are available for supply at high tension for large power services for contract demand not less than 100 kVA

9.0 Rate: HTP-I

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

9.1 Demand Charges;

9.1.1 For billing demand up to contract demand

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

9.1.2 For Billing Demand in Excess of Contract Demand

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

PLUS

9.2 Energy Charges

For entire consumption during the month		
(a)	up to 500 kVA of billing demand	420 Paise per Unit
(b)	For next 2000 kVA of billing demand	440 paise per Unit
(c)	For billing demand in excess of 2500 kVA	450 Paise per Unit

PLUS

9.3 Time of Use Charges:

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

9.4 Billing Demand:

The billing demand shall be the highest of the following:

(a) Actual maximum demand established during the month

(b) Eighty-five percent of the contract demand

(c) One hundred kVA

9.5 Minimum Bills:

Payment of "demand charges" based on kVA of billing demand.

9.6 Power Factor Adjustment Charges:

9.6.1 Penalty for poor Power Factor:

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

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

9.6.2 Power Factor Rebate:

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

9.7 Maximum Demand and its Measurement:

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

9.8 Contract Demand:

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

9.9 Rebate for Supply at EHV:

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

9.10 Concession for Use of Electricity during Night Hours:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning (recorded by a polyphase meter operated through time-switch) as is in excess of one third of the total energy consumed during the month, shall be eligible for concession at the rate of 75 Paise per unit. The polyphase meter and time switch shall be procured and installed by the consumer at his cost and sealed by the Distribution Licensee.

9.11 Seasonal Consumers taking HT Supply:

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

9.11.2 A consumer, who desires to be billed for minimum charges on annual basis, shall intimate in writing in advance about the off-season during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of off-season so declared and observed shall be not less than three calendar months in a calendar year.

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

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

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

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

(c) One hundred kVA.

9.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 420 Paise per unit.

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

10.0 Rate HTP-II

Applicability: This tariff shall be applicable for supply of energy to HT consumers contracting for 100 KVA and above, requiring power supply for Water Works and Sewerage pumping stations.

10.1 Demand Charges:

10.1.1 For billing demand up to contract demand

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

10.1.2 For billing demand in excess of contract demand

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

PLUS

10.2 Energy Charges:

For entire consumption during the month		
(a)	up to 500 kVA of billing demand	420 Paise per Unit
(b)	For next 2000 kVA of billing demand	440 Paise per Unit
(c)	For billing demand in excess of 2500 kVA	450 Paise per Unit

PLUS

10.3 Time of Use Charges:

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

10.4	Billing demand	Same as per HTP-I Tariff
10.5	Minimum bill	
10.6	Power Factor Adjustment Charges	
10.7	Maximum demand and its measurement	
10.8	Contract Demand	
10.9	Rebate for supply at EHV	

11.0 <u>Rate: HTP-III</u>

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

11.1 Demand Charges:

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

PLUS

11.2 Energy Charges:

For all units consumed during the month	660 Paise / Unit

PLUS

11.3 Time of Use Charges:

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

11.4	Billing demand	Same as per HTP-I Tariff
11.5	Minimum bill	
11.6	Power Factor Adjustment Charges	
11.7	Maximum demand and its measurement	
11.8	Contract Demand	
11.9	Rebate for supply at EHV	

12.0 <u>Rate: HTP-IV</u>

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

12.1 Demand Charges:

Same rates as specified in rate HTP-I

PLUS

12.2 Energy Charges:

For all units consumed during the month	230 Paise per unit

12.3 Billing demand
12.4 Minimum bill
12.5 Power Factor Adjustment Charges
12.6 Maximum demand and its measurement
12.7 Contract Demand
12.8 Rebate for supply at EHV

Same as per HTP-I Tariff

NOTE:

1. *10% of total units consumed and 15% of the contract demand can be availed beyond the prescribed hours for the purpose of maintenance.*
2. *For the purpose of office lighting, fans etc. the consumer may apply for a separate connection.*
3. *This tariff shall be applicable if the consumer so opts to be charged in place of HTP-I tariff by using electricity exclusively during night hours as above.*
4. *The option can be exercised to switch over from HTP-I tariff to HTP-IV tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
5. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category HTP-I.*