GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2012-13 and

Determination of Tariff for FY 2014-15

For

MPSEZ Utilities Private Ltd.
(MUPL)

Case No. 1380 of 2013

29th May 2014

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GANDHINAGAR

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CONTENTS

LIST OF TABLES

ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2011-12 to FY 2015-16
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MTR	Mid-term Review
MU	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
REC	Renewable Energy Certificate
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. 1380 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

The MPSEZ Utilities Private Limited (hereinafter referred to as MUPL or Petitioner), a distribution Licensee, has filed its petition on 28th November, 2013 under Section 62 of the Electricity Act, 2003 read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011 for truing up of FY 2012-13 and determination of Retail Supply Tariff for FY 2014-15.

The Commission conducted a preliminary scrutiny and admitted the petition on 4th Decemebr, 2013 under Case No. 1380/2013.

1.2 MPSEZ Utilities Private Limited (MUPL)

The Petitioner, MPSEZ Utilities Private Ltd (MUPL) is a company incorporated in 2008 under the Companies Act, 1956. Another company, Adani Ports and Special Economic Zone Ltd. (APSEZL), formerly known as Mundra Port and Special Economic Zone Limited (MPSEZL), is developing a multi-product SEZ at Mundra. The area of MPSEZL is about 6473 hectares.

The MUPL, created to provide infrastructure facilities in the Special Economic Zone, entered into a co-developer agreement with MPSEZL. The Ministry of Commerce and Industry, Government of India has approved MUPL as a co-developer to create infrastructure facilities in MPSEZL.

The MUPL, obtained the status of distribution licensee vide Government of India notification dated 03/03/2010. This was also endorsed by the Gujarat Electricity Regulatory Commission (GERC) vide order No. GERC/Legal 2010/0609 dated 06/04/2010 allowing for distribution of electricity in Mundra SEZ area, Kutch. As such, MUPL is a deemed licensee for distribution of electricity in Mundra SEZ area.

1.3 MUPL petition for FY 2011-12

MUPL filed the petition for approval of ARR for the control period for FY 2011-12 to FY 2015-16 and Retail supply Tariff for FY 2011-12 on 25th January, 2011. The Commission in its order dated 18th August, 2011, approved the ARR for MYT Period FY 2011-12 to FY 2015-16 and Retail Supply Tariff for FY 2011-12.

1.4 MUPL petition for FY 2012-13

MUPL filed a petition for truing up for FY 2010-11 and determination of retail supply tariff for FY 2012-13 on 30th November, 2011. The Commission, in its order on 2nd June, 2012, approved the ARR and retail supply tariff for FY 2012-13.

1.5 MUPL petition for FY 2013-14

MUPL filed Petition for truing up for FY 2011-12 and determination of retail supply Tariff for FY 2013-14. The Commission in its order on 20th May, 2013 approved the ARR and retail supply Tariff for FY 2013-14. MUPL filed a review petition on the Commission's order dated 20th May, 2013. The Commission issued order on this review petition on 2nd December, 2013.

1.6 Admission of the current Petition and the Public Hearing Process

The MUPL has submitted the current Petition for truing up of FY 2012-13 and determination of Tariff for FY 2014-15. After preliminary analysis the Commission has admitted the Petition as Case No. 1380/2013 on 4th December, 2013.

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

Sl. No.	Particulars	Language	Date of Publication
1	Indian Express (Ahmedabad)	English	11.12.2014
2	Kutchmitra (Bhuj)	Gujarati	11.12.2014
3	Divya Bhaskar (Bhuj)	Gujarati	

Interested parties /stakeholders were asked to file their objections / suggestions on its Petition on or before 10th January, 2014.

The Commission received objections / suggestions from (i) Laghu Udyog Bharti-Gujarat and (ii) Utility Users' Welfare Association (UUWA). The Commission examined the objections / suggestions received and fixed the date for public hearing for the petition on 11th February, 2014 at the Commission's Office, Gandhinagar and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in Commission's Office in Gandhinagar as scheduled on the above date.

A short note on the main issues raised by the objectors in the submissions in respect to the petition, along with the response of MUPL and the Commission's views on the responses, are briefly given in Chapter 3.

1.7 Approach of this Order

The MUPL has submitted the current Petition for truing up of FY 2012-13 and determination of retail Tariff for FY 2014-15. The truing up submitted by MUPL for FY 2012-13 is based on audited accounts for FY 2012-13.

The Commission has examined the data/information submitted by MUPL for FY 2012-13 with reference to Audited Annual Accounts for FY 2012-13 along with determination of Tariff for FY 2014-15. The Commission has also taken into consideration the review order dated 2nd December, 2013, passed on the review petition filed by MUPL on the Commission's order dated 20th May, 2013 on truing up of FY 2011-12 and tariff determination for FY 2013-14.

The petition for truing up for FY 2012-13 and determination of retail supply tariff for FY 2014-15 has been considered by the Commission as per GERC (Multi-Year Tariff) Regulations, 2011. The Commission has considered the revised ARR for FY 2014-15 same as approved in the Mid-term Review order as per GERC (Multi-Year Tariff) Regulations, 2011.

1.8 Contents of the Order

This order is divided into six chapters as under:

1. The **First Chapter** provides the background regarding the Petitioner, the Petition and details of the public hearing process.
2. The **Second Chapter** provides a summary of MUPL's submission
3. The **Third Chapter** deals with objections raised by Stakeholders, MUPL response and Commission's Comment.
4. The **Fourth Chapter** deals with the truing up of FY 2012-13.
5. The **Fifth Chapter** deals with Retail supply Tariff for FY 2014-15, the wheeling charges, cross subsidy surcharge and Fuel and Power Purchase Price Adjustments.
6. The **Sixth Chapter** deals with the directives by the Commission.

2. A Summary of MUPL's Petition

The MPSEZ Utilities Private Limited (MUPL) submitted the of True-up of FY 2012-13 and revenue estimates for FY 2014-15 on 29th November, 2013.

2.1 Actuals for FY 2012-13 submitted by MUPL

The details of expenses under various components of ARR for FY 2012-13 are given in the Table below:

Table 2.1: Actuals submitted by MUPL for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up
1	Power Purchase Expenses	56.89
2	Operations and maintenance expenses	6.31
3	Depreciation	3.67
4	Interest on Long Term Loans	5.09
5	Interest on Security Deposit	0.88
6	Interest on working capital	0.00
7	Provision for bad debts	0.00
8	Contingency Reserve	0.00
9	Income Tax	0.13
10	Return on equity @ 14%	2.66
11	Less: Non-Tariff Income	0.06
12	**ARR**	**75.56**

2.2 A Summary of projected revenue gap till FY 2012-13

Table below summarizes the estimated ARR submitted by the MUPL for truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2012-13.

Table 2.2: Projected Revenue Gap for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved	Actual submitted
1	Revenue Gap of FY 2010-11	1.77	1.77
2	Carrying Cost @ 13%(As on 01.04.2011)		0.23
3	Revenue Gap of FY 2011-12	6.86	6.86
4	Carrying Cost @14.75% (As on 01.04.2012)		1.01
5	**Consolidated Revenue Gap of FY 2010-11 & 2011-12**		**9.87**
6	Revenue Gap of FY 2012-13		9.02
7	Carrying Cost @ 14.75%(As on 01.04.2013)		2.73
8	**Total Gap of FY 2012-13**		**21.62**

2.3 A Summary of projected revenue gap and tariff proposal for FY 2014-15

Table below summarizes the ARR projected in the Mid-term Review Petition, total revenue and revenue gap projected by MUPL from sale of power at the existing tariff for FY 2014-15.

Table 2.3: ARR, Revenue and Gap Projected for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	FY 2014-15
1	Approved ARR for FY 2014-15 in the MYT Order	132.10
2	Revenue from existing Tariff for FY 2014-15	127.25
3	Gap/(surplus) resulted an account of approved ARR and Revenue Projected at existing Tariff of 2014-15	4.85

MUPL has proposed to recover the revenue gap of Rs. 4.85 Crore for FY 2014-15 and previous gaps of Rs. 21.62 Crore up to FY 2012-13 by increasing the fixed charge by Rs. 0.25/unit and energy charges by Rs. 0.25/unit only for demand based category of permanent supply having contract demand above 500 KVA for FY 2014-15. Thus, the effective sales rate is estimated @ Rs. 5.80/unit.

2.4 MUPL's request to the Commission:

1. To admit the Petition for truing up of Aggregate Revenue Requirement for FY 2012-13 and Tariff Determination of FY 2014-15.
2. To rectify the errors / discrepancies and revise the gap for FY 2011-12 along with the carrying cost and consider the gap of FY 2012-13 and FY 2014-15.
3. To approve the gap of FY 2012-13 as per the final truing up along with carrying cost for unrecovered gap.
4. To permit the petitioner to recover the unrecovered gap for FY 2010-11 and FY 2012-13 along with carrying cost for deferment in the gap recovery.
5. To permit the Petitioner to partly recover the revenue gap for FY 2014-15 through revision in Tariff being proposed to be made applicable on consumers from 01.04.2014 onwards.
6. To treat this revenue gap as a "Regulatory Asset" and permit its recovery later on.
7. To allow additions / alterations / changes modifications to the application at a future date.
8. To allow any other relief, order or direction, which the Commission deems fit to be issued.
9. To condone any inadvertent omissions/errors/shortcomings and permit MUPL

to add/change/modify/alter this filing and make further submissions as may be required at a future date.

10. Pass such other orders, as the Commission may deem fit and appropriate keeping in view the facts and circumstances of the cases.

3. Brief outline of objections raised, response from MUPL and the 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 MUPL 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 MUPL 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

Objection 1: Peculiarities of retail electricity Supply Company's accounting

The Laghu Udyog Bharati (LUB) has stated that the ARR data do not reflect the Annual accounts report. The peculiarities of the accounts of the retail electricity supply companies are not noticed by accounts audit parties.

In case of retail supply companies the line cost is recovered from consumer. This is the property of company. This shall be directly considered as profit.

Apart from above interest on depredation to assets shall be considered as profit and adjusted against net finance cost. Without going to rules procedures and circulars, this mathematical truth needs to be accepted.

Further, the validation of per unit cost with D-4 forms is required, which is not given.

Response of MUPL:

ARR is strictly submitted in accordance with the GERC (MYT) Regulation, 2011 taking into considerations the details / figures as per the audited accounts. The copy of annual accounts is also filed along with the petition.

The Line cost (Service Line Contribution (SLC)) is taken into consideration by reducing it from the gross CAPEX. The net CAPEX furnished for ARR is net of SLC and submitted as per the GERC (MYT) Regulations, 2011.

The format D-4 has already been submitted by the Petitioner along with the Petition.

Commission's View:

The response of MUPL is noted.

Objection 2: Available funds for operation year 2012-13 and Use of Funds

The Laghu Udyog Bharati has stated that the final cash flow statement is required to show break up data in regard to daily sales, accumulated depreciation, security deposits, Current Assets etc.

The Funds so available are used to meet the business liabilities like current liabilities, inventories, any other liabilities etc. LUB has stated that it do not find the use of these funds in ARRs.

Response of MUPL:

Cash flow statement is prepared as per the provisions of the Companies Act, 1956 duly audited by the Statutory Auditors of the company. The same forms part of the Annual Accounts of FY 2012-13 submitted by the Petitioner attached as page no. 83 of the Petition.

Commission's View:

The response of MUPL is noted.

Objection 3: Interest Computation

The Laghu Udyog Bharati has stated that the interest computation on available funds shall be credit to net interest requirement in ARRs and true-up ARRs.

Response of MUPL:

The interest on surplus funds are already taken into account and the same is reflected in the Annual Accounts of FY 2012-13. Further being part of other income it is considered in ARR as per the GERC (MYT) Regulations, 2011.

Commission's View:

The response of MUPL is noted.

Objection 4: Difference of Security Deposit Interest

The Laghu Udyog Bharati has stated that the difference of security deposit interest paid to consumers and rate of interest used for interest calculations must be given credit to net interest paid.

Response of MUPL:

The security deposit interest rate is considered as per actuals and due credit is given to the consumers.

The interest on security deposit is paid at the Bank rate notified by the RBI as per the provisions of GERC (Security Deposit) Regulations, 2005 and same has been included and mentioned in the Petition.

Commission's View:

The response of MUPL is noted.

Objection 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 MUPL:

Delay payment charges are included as part of Misc. income in Schedule 14 of the Annual Accounts (refer page 89 of the Petition) and considered in ARR calculations as per the GERC (MYT) Regulations, 2011.

There are no Additional/ theft bills recovery.

Commission's View:

The response of MUPL is noted.

Objection 6: Depreciation & depreciation income

The Laghu Udyog Bharati has stated that the depreciation accounted for lines cables is the cost which is recovered from consumers. The interest on this amount shall be considered as credit to ARRs.

Pending various replies from MUPL the sum calculated as above shall be given credit to ARRs. This has nothing to do with total deprecation sum as this depreciation sum is on account of amount paid by consumers.

Response MUPL:

The Depreciation and depreciation income is calculated as per the GERC (MYT) Regulations, 2011.

Commission's View:

The Commission considers the depreciation after deducting consumer contribution from the asset base.

Objection 7: Receivables

The Laghu Udyog Bharati has stated that Receivables are the sum due at the end of financial year. Which change per day by daily transactions, as such sum of receivables shall be added to ARR Credit.

There may be various arguments for rate of interest considered. There may be variation of figures and variations in final % figures but the mathematical fact remains.

Response of MUPL:

The receivables are considered in the total income & are considered in ARR calculations which are submitted as per the GERC (MYT) Regulations, 2011.

Commission's View:

The response of MUPL is noted.

Objection 8: ARR data for FY 2012-13 are to be validated in light of Regulations as below:

(i) Net accumulated depreciation sum available and also Rs. 14.62 Cr. Available in reserve and surplus.

(ii) The Interest on loan as per table 25 of Petition is Rs. 5.09 Cr. while total Long term Loan is Rs. 9.89 Cr. as per Balance Sheet of Audited account of 2012-13. The interest on Long term loan on actual basis vide note 18 of Annual account should only be allowed in ARRs in ARR Gap.

(iii) Loans and advances Rs. 4.65 Lakh vide Note 11 of annual report shall be considered in ARR gap as gain.

(iv) The Profit of Rs. 41.19 Lakh must be considered for ARR Gain.

(v) The interest income on Bank TDR for Rs. 94.28 Lakh as per Note 12 of Audited annual accounts was not taken into ARR Calculations.

(vi) As such Net gain in ARRs not shown in ARR true-up Petition is as Rs. (14.62+5.09+0.046+0.0412)=19.60 Cr.

(vii) The Commission is requested to direct MUPL to recalculate ARR gap for 2010-11 and 2011-12 on above lines.

(viii) The net power purchase cost as per annual report is Rs. 67.59 Cr. and revenue from operation is Rs. 68.29 Cr. whereas in ARR True-up figure Power Purchase cost is Rs. 75.66 vide Table 25. The difference is Rs. 8.07 Cr.

(ix) There is need to validate Annual Report and ARR Sales data.

Response of MUPL:

The Petitioner submits that the Petition has been made in line with GERC (Multi-Year Tariff) Regulations, 2011 and under section 61 to 64 of EA Act read with the relevant guidelines and directions issued from time to time and the ARR data are considered as per Audited accounts of FY 2012-13.

(i) The amount of Rs. 14.62 Cr. reflected under the head 'Reserve and Surplus' pertains to 'Capital Reserve'. Capital Reserve reflects accumulated amount on account of service line contribution. For ARR purpose, service line contribution is deducted from Gross CAPEX and accordingly depreciation expense is reduced to the extent of Capital Reserve.

(ii) The petitioner has not availed any actual loan. The Interest on loan as per table 25 of Petition is calculated as normative loan as per GERC (MYT) Regulations, 2011. However, Rs. 9.89 Cr. referred as long term loan is the security deposit of the consumers.

(iii) The petitioner would like to clarify that Rs. 4.65 Lakh reflected as loans and advance in the financials pertains to Advance for procurement of goods and disclosed as "Capital Advances” in financial statement.

(iv) The Petitioner submits that profit of Rs. 41.19 Lakh is as per Audited accounts. Profit / loss is calculated as per accounting standards while ARR is worked out as per GERC (MYT) Regulations, 2011.

(v) The Petitioner submits that the Interest Income on Bank TDR for Rs. 94.28 Lakh is considered under the head “Other Income” as per Note 15 of the Audited Annual Accounts, which has been duly considered in ARR.

(vi) In view of the clarification provided herein before for point no. (i) to (v), no separate clarification required on this point.

(vii) The Commission after following due procedures and hearings, has approved the ARR for FY 2010-11 and FY 2011-12 vide their order dated 02.06.2012 and 20.05.2013.

(viii) The net power purchase cost as per annual report is of Rs. 56.89 Cr. (Refer Note 16 page no. 89 of Petition) and not Rs. 67.59 Cr. As mentioned by the Objector. Rs. 75.56 Cr. referred in table 25 of Petition is total ARR and not the power purchase cost.

(ix) The ARR Sales data are validated and the figures are the same as appearing in the Audited Accounts.

Commission’s View:

The response of MUPL is noted.

4. Truing up for FY 2012-13

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 141 MU as against approved sales of 129.31 MU in MYT order dated 18.08.2011.

Table 4.1: Actual Energy Sales for FY 2012-13

Particulars	Approved in the MYT Order for FY 2012-13	Actual submitted for FY 2012-13
Energy Sales (MU)	129.31	141

It is submitted by the Petitioner that the variation in energy sales is mainly because of variation in number of consumers and their load factor.

Commission's Analysis:

In view of the above, the Commission approves the energy sales of 141 MU for FY 2012-13.

4.2 Distribution Loss

Petitioner's Submission

The Petitioner has submitted that it had made all efforts to reduce the distribution loss. The actual distribution loss is 3.88% against 7.75% approved by the Commission in MYT Order. The petitioner further submitted that without sincere efforts it may not be possible to achieve distribution loss as mentioned.

Commission's Analysis

The Commission in the MYT Order dated 18th August, 2011 mentioned that,

"The Commission approves the distribution loss projected for the period FY 2012-13 to FY 2015-16 subject to conducting energy audit and arriving at actual loss. A directive to this effect is being issued separately.

……………………………………………………………………………

The loss levels will however be reviewed based on the results of Energy Audit conducted by MUPL."

The MUPL has submitted that the actual distribution loss for FY 2012-13 is 3.88%.

The Commission approves the distribution loss 3.88% for FY 2012-13 as per actual. The difference in the actual distribution loss as compared to that projected in the MYT Order had arisen because the latter was ad-hoc and not based on any historical data as the licensee started its operation in August, 2010. Hence, the deviation in power purchase cost due to reduction in distribution loss is considered as uncontrollable.

4.3 Energy Requirement

Petitioner's submission

Based on the energy sales and the actual transmission and distribution loss 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 the Table below:

Table 4.2: Energy Requirement as Submitted by MPSEZ for FY 2012-13

Sl. No.	Particulars	Unit	Approved in MYT Order for FY 2012-13	FY 2012-13 Actual submitted
1	Energy Sales	MU	129.31	141.00
2	Distribution Loss	MU	11	6.00
		(%)	7.75	3.88
3	Energy Requirement	MU	140.17	146.00
4	Transmission Loss	MU	5.89	0.18
		(%)	4.20	0.12
5	Total Energy to be input to the transmission system	MU	146.06	146.00

It is submitted by MUPL that as against the approved energy requirement of 146 MU for FY 2012-13 with transmission loss at 4.20% and estimated distribution loss of 7.75%, the actual energy requirement is 146 MU based on actual distribution loss of 3.88% and transmission loss of 0.18 MU. MUPL has submitted that the actual transmission loss for FY 2012-13 was 0.12%.

Commission's Analysis

On a query from the Commission, MUPL vide e-mail dated 13th December, 2013 intimated that the actual sales for FY 2012-13 is 140.63 MUs. The Commission has approved the distribution loss at 3.88% in Para 4.2 above. It is noted that the transmission loss is 0.12%. The Commission computed the energy requirement with distribution loss of 3.88% (5.69 MU) and transmission loss of 0.12% (0.18 MU) for FY 2012-13 based on actuals as given in Table below:

Table 4.3: 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	129.31	141.00	140.63
2	Distribution Loss	MU	10.86	6.00	5.68
		%	7.75	3.88	3.88
3	Energy Requirement	MU	140.18	146.00	146.31
4	Transmission Loss	MU	6.14	0.18	0.18
		%	4.20	0.12	0.12
5	Energy Required	MU	146.32	146.00	146.49

The Commission approves the energy requirement of 146.49 MU for truing up for FY 2012-13 as per actuals.

4.4 Availability of Power and Power Purchase Cost

Petitioner's submission

MUPL has submitted that the requirement of power is met through bilateral purchase during FY 2012-13. The quantum of UI power on account of deviation from the schedule purchase has been accounted to the total energy procured.

Commission's Analysis

As verified from the Annual Accounts for FY 2012-13, MUPL has incurred power purchase cost of Rs. 56.89 Crore to purchase 146.49 MU of power during FY

2012-13 including 5.27 MU under UI. Based on the power purchase cost of Rs. 56.89 Crore, the average power purchase cost works out to Rs. 3.88/kWh.

The availability of power and power purchase cost as per MYT order, actual and approved in truing up are given in Table below:

Table 4.4: Availability of Power and Power Purchase Cost for FY 2012-13

Sl. No.	Particulars	FY 2012-13		
		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	Bilateral Power Purchased (MU)	146.32	141.22	141.22
2	UI Purchase (MU)	-	5.27	5.27
3	Total Energy Available (MU)	146.32	146.49	146.49
4	Power Purchase cost (Rs. Cr)	58.67	56.89	56.89
5	Average Power Purchase Cost (Rs. kWh)	4.01	3.88	3.88

The Commission, accordingly, approves the power purchase cost of Rs. 56.89 Crore in the truing up for FY 2012-13.

Table 4.5: Power Purchase cost approved by the Commission for truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Submitted in the truing up)	FY 2012-13 (Approved in Truing up)
1	Total Power Purchase Cost	58.67	56.89	56.89

4.4.1 Gains/ (Losses) due to Power Purchase Cost

The approved Gains/ (Losses) – Power Purchase expenses for truing up for FY 2012-13.

Table 4.6: Gains / (Losses) of Power Purchase cost approved by the Commission for truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Approved in True-up)	Deviation	Gains/(Losses) due to uncontrollable factors
1	Total Power Purchase Cost	58.67	56.89	1.78	1.78

4.5 Capital Expenditure Plan

Petitioner's submission

It is submitted by MUPL that it has planned to establish the state of the art distribution network along with built-in redundancies for ensuring uninterrupted quality power to the customers and had proposed capital expenditure to meet safety supporting infrastructure and other requirements. The actual capitalization for FY 2012-13 was Rs. 5.88 Crore (net of consumer contribution of Rs. 3.77 Crore towards Service Line Contribution (SLC) against a total capitalization of Rs. 33.45 Crore approved in MYT order dated 18th August, 2011 for FY 2012-13.

It is submitted that the lower capital expenditure compared to approved is mainly on account of lower materialization of consumers projections and less demand achieved compared to projections. Owing to overall economic slowdown in FY 2011-12 and FY 2012-13 the industrial and other commercial units have deferred their plans during FY 2012-13. MUPL has further submitted that the consumer contribution for service lines at Rs. 3.77 Crore, was deducted from the capital expenditure. Based on the above MUPL has furnished the details of actual capital expenditure incurred during FY 2012-13 against estimate as given in Table below:

Table 4.7: Capital Expenditure as furnished by MUPL for truing up FY 2012-13

(Rs. Crore)

Sl. No.	Particular	FY 2012-13	
		Approved in MYT Order	Actual submitted
A	EHV (220 kV & 66 kV)		
	EHV Transmission line	2.25	2.55
	EHV Transmission Cable	-	4.42
	EHV Substation	13.97	2.15
	Land Cost	0.17	-
	Civil Cost	2.89	-
	Total	19.29	9.13
B	HT (33 kV & 11 kV) & NETWORK		
	33 kV HT cable Network	5.42	-
	11 kV HT cable Network	1.30	0.51
	33 / 11 kV HT Substation	2.91	-
	Land Cost	-	-
	Civil Cost	0.66	-
	Total	10.30	0.51
C	Others		
	Automation & SCADA	1.40	
	Testing and Measuring Equipment	0.76	-
	IT	0.22	-
	Meters & AMR	0.01	-
	Miscellaneous	0.55	0.01
	Buildings & other civil work	0.92	-

Sl. No.	Particular	FY 2012-13	
		Approved in MYT Order	Actual submitted
	Total	3.85	0.01
D	Grand Total	33.45	9.65
	Less: SLC	-	3.77
E	**Net CAPEX**	**33.45**	**5.88**

Commission's Analysis:

The Commission observes that there is considerable variation in the capital expenditure/capitalization in projections for FY 2012-13 and actuals. The reasons for lower CAPEX are explained by MUPL as stated above.

The Commission has verified the Audited Annual Accounts for FY 2012-13 and it is observed that the actual capital expenditure incurred is Rs. 9.65 Crore and the consumer contribution towards service line charges during FY 2012-13 is Rs. 3.77 Crore. The Commission considers the capital expenditure, capitalisation of CAPEX and funding thereon as detailed in the Table below:

Table 4.8: Capitalisation and Funding approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Submitted in truing up for FY 2012-13	Approved in truing up for FY 2012-13
1	Capitalization	33.45	9.65
2	Less: Consumer Contribution	-	3.77
3	Balance Capitalization	33.45	5.88
4	Debt (70%)	23.41	4.12
5	Equity (30%)	10.04	1.76

4.6 Operations and Maintenance Expenses

Petitioner's Submission:

The Operations and Maintenance expenses comprise the employee cost, administrative and general expenses and repair and maintenance expenditure. The actual Operations and Maintenance expenses furnished by MUPL are given in Table below:

Table 4.9: Operations and Maintenance Expenses

(Rs. Crore)

Particulars	Approved in MYT Order for FY 2012-13	Claimed in truing up for FY 2012-13
Total O&M Expenses	5.54	6.31

The petitioner has submitted that the higher actual O&M is mainly due to higher inflation rate coupled with business growth. It is stated that WPI for FY 2010-11, FY

2011-12 and FY 2012-13 was 9.56%, 8.94% and 7.35% respectively and the weighted average worked out to 8.62%. The CPI for FY 2010-11, FY 2011-12 and FY 2012-13 was 10.45%, 8.39% and 10.44% respectively and the weighted average for the above 3 years works out to 9.76%. MUPL has worked out the actual weighted average inflation rate at 9.07% for FY 2012-13 considering 60% and 40% weight to WPI and CPI respectively.

MUPL has referred to the Hon'ble APTEL's order in the case of Torrent Energy Limited Vs. GERC dated 03.07.2013. The extract of paras 41, 43 and 49 are as given below:

"41. On the strength of these Regulations it is contended by the Appellant that the Operations and Maintenance expenses in the impugned order have been provided only for inflation and not for business growth and that in the absence of 3 years of operation by the Appellant, the Operations and Maintenance Expenses was to be allowed solely on the projection made by the Appellant.

43. While challenging the above findings, the learned Counsel for the Appellant submits that the Appellant has been in operation since 4.4.2010; the data for past 3 years are not available and considering the network and business growth, the Appellant has projected the Operations and Maintenance expenses in accordance with the proviso to the Regulations 85.4 of the GERC (MYT) Regulations, 2011 and that therefore, the State Commission ought to have taken note of this aspect and approved it giving the due consideration to the new area.

49. We feel that from the information available before the State Commission, it was not possible to adopt the figures projected by the Appellant. Therefore, the O&M expenses for the Control Period have to be decided by the State Commission based on the actual expenses incurred by the Appellant, after prudence check in the True-up of accounts for Financial Years 2011-12 & 2012-13. The State Commission shall thereafter re-determine the O&M expenses for the FYs 2013-14 to 2015-16 taking into account actual expenses for the previous years and additional expenses on the additional infrastructure proposed during the period. Accordingly, directed."

The petitioner has requested that the entire variation in O&M Expenses should be considered as uncontrollable and approve the O&M Expenses of Rs. 6.31 Crore for FY 2012-13 and allow variation as uncontrollable for the purpose of truing up.

Commission's Analysis:

MUPL has not considered Bank Charges of Rs. 0.04 Crore, as per Note 18 of Audited Annual Accounts for FY 2012-13, as A&G Expense. The Commission has verified the elements of O&M Expense from the Audited Annual Accounts for FY 2012-13 as Rs. 6.35 Crore which includes Bank Charges of Rs. 0.04 Crore.

The Commission, accordingly, approves the O&M expenses at Rs. 6.35 Crore in the truing up for FY 2012-13 as per actuals.

4.7 Depreciation

Petitioner's submission

MUPL has submitted that the depreciation is computed on the fixed assets based on straight-line method as prescribed in the Regulations and at depreciation rates as per GERC (MYT) Regulations, 2011. The Petitioner has further requested to take notice of the errors pointed out in the Tariff order dated 20.05.2013 for petition no 1264/2012. Hearing for the said matter has been conducted on 20.11.2013 and final order is awaited. MUPL has requested to consider the same. The depreciation approved in the MYT order for FY 2012-13 and the actuals now submitted by MUPL in the petition for FY 2012-13 are given in the Table 4.8 below:

Table 4.10: Fixed assets and Depreciation claimed in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particular	Approved in MYT Order for FY 2012-13	Actual submitted for FY 2012-13
1	Gross Block at the beginning of the year	99.69	72.12
2	Addition during the year (Net)	33.45	9.65
3	**Depreciation for the year**	**5.90**	**3.67**

Commission's Analysis:

MUPL has submitted the actual depreciation at Rs. 3.67 Crore in the truing up for FY 2012-13. MUPL has claimed the depreciation on the gross fixed assets net of assets acquired through consumer contribution.

As per the Audited Annual Accounts the depreciation for FY 2012-13 is Rs. 4.09 Crore. With reference to a query from the Commission over the difference in the amount of depreciation reflected in the audited accounts and the depreciation claimed in the Petition, MUPL has submitted vide its letter dated 16th April, 2014 that it has followed the higher of rates as per Appendix-III CERC Tariff Regulations, 2009 which are in line with Annexure-I of GERC (MYT) Regulations, 2011 and rates prescribed under schedule XIV to the Company's Act 1956.

MUPL has deducted the depreciation in respect of assets acquired through consumer contribution and claimed the net depreciation of Rs. 3.67 Crore in the truing up for FY 2012-13.

The Commission, accordingly, approves Rs. 3.67 Crore towards depreciation for FY 2012-13.

4.8 Interest Expenses on Loans

Petitioner's submission:

MUPL has submitted that it has not availed any loan for capital works. As the funding was arranged through own sources, MUPL has computed normative loan considering the capital investment norm with debt equity ratio of 70:30. Hence, deemed loan has been taken at 70% of the capitalization during the FY 2012-13 net of consumer contribution as detailed in Table below:

Table 4.11: Interest on loan claimed in truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	As approved in MYT Order for FY 2012-13	Actual claimed for FY 2012-13
1	Opening Loan	65.67	39.33
2	Addition of new loan during the year	23.41	4.12
3	Loan Repayment	5.90	3.67
4	Cumulative Loan / Closing Loan	83.18	39.78
5	Average Loan	74.42	39.55
6	Interest on loan	7.81	5.09

The MUPL has further stated that the normative interest is being computed on the average balance normative loan during FY 2012-13. The rate of interest of 12.86 % is claimed on normative loan.

The petitioner has requested to revise the rate of 10.50% considered for FY 2012-13 in the MYT order and requested to consider 12.86% at par with interest rate considered for biomass based power projects and bagasse based cogeneration projects in Commission's order 4 of 2013 dated 08.08.2013 regarding determination of tariff for procurement of power by the distribution licensees and others from biomass based power projects and bagasse based cogeneration projects for the state of Gujarat.

Commission's Analysis:

The Commission has examined the sources of funding the capitalization as per the approved debt equity ratio of 70:30. The capitalisation net of consumer contribution is Rs. 5.88 Crore as approved in para 4.5 above and the normative debt at 70% works out to Rs. 4.12 Crore. Repayment of loan is considered equal to depreciation of Rs. 3.67 Crore. MUPL has not drawn any loans. The rate of interest considered for bagasse and other biomass based projects is not applicable to the distribution licensees. The Commission considers the interest on normative loan at 10.50% as approved in the MYT order dated 18th August, 2011. The interest on normative loan works out to Rs. 4.18 Crore as detailed in Table below:

Table 4.12: Interest on Loans approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	FY 2012-13
1	Opening Loan	39.62
2	Addition of new loan during the year	4.12
3	Loan Repayment	3.67
4	Closing Loan	40.07
5	Average Loan	39.84
6	Interest on Loan @ 10.50%	4.18

The Commission, accordingly, approves interest on normative loan at Rs. 4.18 Crore in the truing up for FY 2012-13.

4.9 Interest on Security Deposits

Petitioner's Submission:

MUPL has submitted that the consumer contribution to security deposit depends on addition of new consumers and their load growth from time to time. The actual amount of security deposit and the corresponding interest calculated at the rate of 9.50 % for FY 2012-13 are given in Table below:

Table 4.13: Interest on Security Deposit claimed by MUPL for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order for FY 2012-13	Actual claimed for FY 2012-13
1	Average Consumers Deposit	12.16	9.21
2	Interest Cost	0.73	0.88

Commission's Analysis:

The interest on consumer deposit submitted by MUPL is examined. The interest actually paid to customers, as per audited annual accounts is Rs. 0.88 Crore.

The Commission, accordingly, approves the interest paid to customers on security deposit at Rs. 0.88 Crore in the truing up for FY 2012-13.

4.10 Interest on Working Capital

The MUPL has submitted that Interest on Working Capital has been worked out as per approved norms in the GERC (MYT) Regulations, 2011 on the following expenses.

- One month of O&M expenses.
- Maintenance and spares @ 1% of GFA.
- Receivables equivalent to one month expected revenue from sale of power.

Minus

- Amount held as security deposits under clause (a) and clause (b) of sub section (1) of section 47 of the Act.

Interest on Working Capital shall be allowed at the rate equal to the SBI – PLR as on 1st April of the relevant financial year. The working capital computed as per GERC (MYT) Regulations, 2011 is Rs. 6.93 Crore which is less than the security deposit amount of Rs. 9.45 Crore. As such no interest on working capital is claimed as detailed in Table below:

Table 4.14: Interest on Working Capital claimed for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT order for FY 2012-13	Actual claimed in truing up FY 2012-13
1	O&M Expenses	0.46	0.53
2	Spares at 1% of GFA	1.00	0.72
3	Receivables	5.49	5.68
4	Working Capital	6.95	6.93
5	Less Security Deposit	12.15	9.45
6	Interest on Working Capital @14.75 %	-	-

Commission's Analysis:

The Commission has examined the working capital and interest there on as per norms specified in the GERC Tariff Regulations, 2011. The applicable rate of interest being the Short-Term prime-lending rate of SBI on 1st April, 2012 is 14.75 %.

As the security deposit from consumers held by the MUPL is more than the working Capital required, the Commission has not considered any interest on working capital for FY 2012-13.

4.11 Return on Equity

Petitioner's Submission

MUPL has submitted that the equity base for FY 2012-13 considered is normative 30% of opening GFA and the capital additions during the year.

The return on equity has been computed by applying regulated return of 14% on the average of opening and closing balance of the FY 2012-13 as given in Table below:

Table 4.15: Return on Equity claimed for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved in Tariff order for FY 2012-13	Actual claimed for FY 2012-13
1	Opening GFA	-	-
2	Opening Equity	29.91	18.12
3	Addition to Equity towards Capital Investment	10.03	1.77
4	Closing Balance of Equity	39.94	19.89
5	Average Equity	34.93	19.00
6	RoE at 14% on average	4.89	2.66

Commission's Analysis

The Commission has examined the RoE claimed for FY 2012-13. The opening equity is taken as Rs. 18.12 Crore being the closing equity for FY 2011-12 and the equity addition during FY 2012-13 is Rs. 1.76 Crore as noted in para 4.5. The RoE is worked out as detailed in Table below:

Table 4.16: Return on Equity for FY 2012-13 approved by the Commission

(Rs. Crore)

Sl. No.	Particulars	Approved in Truing up for FY 2012-13
1	Opening Equity	18.12
2	Additions to Equity towards Capital Investment	1.76
3	Closing Equity	19.88
4	Average Equity	19.00
5	RoE @ 14% on average	2.66

The Commission approves the return on equity at Rs. 2.66 Crore in the truing up for FY 2012-13.

4.12 Income Tax

MUPL has claimed Income Tax at Rs. 0.13 Crore in the truing up for FY 2012-13. The income tax as per audited account for FY 2012-13 is Rs. 0.13 Crore.

The Commission approves the income tax at Rs. 0.13 Crore as per audited accounts for FY 2012-13

4.13 Contingency Reserve

MUPL has submitted that a provision of Rs. 0.29 Crore was approved in MYT order dated 18.08.2011 for FY 2012-13. But MUPL has not considered any amount towards the contingency reserve in True-up petition FY 2012-13.

4.14 Non-Tariff Income

Petitioner's submission:

MUPL has submitted that the actual Non-Tariff income is Rs. 0.06 Crore as against Rs. 0.06 Crore approved in ARR for FY 2012-13.

Commission's Analysis:

Non-Tariff Income comprises of meter rent, misc. income and other income. As per Audited Annual accounts the Non-Tariff income is Rs. 0.10 Crore.

The Commission therefore, approves the Non-Tariff income at Rs. 0.10 Crore in the truing up for FY 2012-13 as per actuals.

4.15 Revenue from Sale of Power to Consumers

Petitioner's submission:

The MUPL has furnished the revenue from sale of power to the consumers at Rs. 68.19 Crore in the truing up for FY 2012-13 against Rs. 71.09 Crore approved in MYT order dated 18.08.211 for FY 2012-13 as detailed in Table below:

Table 4.17: Projected Revenue from Sale of Power for FY 2012-13

(Rs. Crore)

Particulars	Approved in MYT order for FY 2012-13	Actual claimed for FY 2012-13
Revenue from Sale of Power	71.09	68.19

The revenue from sale of power as per Audited Accounts is Rs. 68.19 Crore.

The Commission, accordingly, approves the revenue from sale of power at Rs. 68.19 Crore in the truing up for FY 2012-13 as per actuals.

4.16 Summary of ARR and sharing of gains and losses for FY 2012-13

Petitioner Submission:

As per Regulations 24 and 25 of GERC (MYT) Regulations, 2011, the approved aggregate gain or loss on account of uncontrollable factors be passed through as an adjustment in the tariff and one third of approved aggregate gain on account of controllable factors shall be passed on as a rebate in tariff while one third of approved aggregate loss on account of controllable factors be passed on as an additional charge in tariff.

The expenses approved in MYT order and now approved in truing up based on actuals for FY 2012-13 and the gains/losses due to controllable/uncontrollable are furnished in Table below:

Table 4.18: Controllable & Uncontrollable variations for FY 2012-13 claimed by MUPL

(Rs. Crore)

Particulars	FY 2012-13				
	Approved in MYT Order	**Actual submitted**	**Over (+) /Under (-) recovery**	**Gain/ (Loss) due to controllable factor**	**Gain/(Loss) due to uncontrollable factor**
Power purchase Expenses	58.67	56.89	1.78	2.46	(0.68)
O&M Expenses	5.54	6.31	(0.77)	0	(0.77)
Depreciation	5.90	3.67	2.23	0	2.23
Interest on Long Term loans	7.81	5.09	2.73	0	2.73
Interest on Security Deposit	0.73	0.88	(0.15)	0	(0.15)
Interest on working capital	0	0	0	0	0
Provision for bad debts	0.00	0.00	0	0	0
Contingency Reserve	0.29	0.00	0.29	0	0.29
Income Tax	0.00	0.13	(0.13)	0	(0.13)
Return on Equity @ 14%	4.89	2.66	2.23	0	2.23
Less: Non-Tariff Income	0.06	0.06	0	0	0
ARR	**83.77**	**75.56**	**8.21**	**2.46**	**5.74**

MUPL has submitted that, the variation in power purchase cost from approved ARR is on account of variation in sales and variation in actual cost. Any variation on account of power purchase cost is treated as uncontrollable. But reduction in distribution losses lead to lower procurement of energy resulting in reduced power purchase. The reduction in distribution loss is treated as controllable factor.

The variation in O&M expenses are treated as controllable.

The variations in ROE, interest and depreciation are due to variation on capitalization and hence treated as uncontrollable.

The variations in contingency reserve and Non-Tariff income are treated as uncontrollable.

Based on the above, the sharing of gains and losses due to controllable / uncontrollable factors is summarized Table below:

Table 4.19: Sharing of gains and losses claimed by MUPL for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Pass through by adjustment in tariff	To be retained / absorbed	Total
1	Controllable gain	0.82	1.64	2.46
2	Uncontrollable gain	5.74	-	5.74
3	Total	6.56	1.64	8.20

The revised ARR and the net revenue gap claimed by MUPL in the truing up for FY 2012-13 are given in the following Tables

Table 4.20: Trued up ARR for FY 2012-13 submitted by MUPL

(Rs. Crore)

Particulars	Submitted by MUPL for FY 2012-13
ARR approved in MYT order for FY 2012-13 (a)	83.77
Less: Gain on account of controllable factor to be passed to consumers (1/3rd) (b)	0.82
Less: Gain on account of uncontrollable (c)	5.74
ARR trued up of FY 2012-13 [(d)=a-(b+c)]	**77.21**

Table 4.21: Consolidated Revenue Gap claimed for FY 2012-13 submitted by MUPL

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order	Actual submitted
1	Annual Revenue Requirement	83.77	77.21
2	Less: Revenue from Sale of Power	71.09	68.19
3	**Net Revenue Gap / (Surplus)**	**12.68**	**9.02**

The Total Revenue gap claimed for FY 2012-13 along with carrying cost and the revenue surplus is detailed in the Table below:

Table 4.22: Consolidated Revenue Gap claimed by MUPL

(Rs. Crore)

Sl. No.	Particulars	Actuals claimed by MUPL
1	Approved Revenue Gap of FY 2010-11	1.77
2	Carrying cost @13 % (As on 01.04.2011)	0.23
3	Approved Revenue Gap of FY 2011-12	6.86*
4	Carrying cost @14.75 % (As on 01 04 2012)	1.01
5	Consolidated Revenue Gap of FY 2010-11 & 2011-12	9.87
6	Revenue Gap of FY 2012-13	9.02
7	Carrying cost @14.75 % (As on 01.04.2013)	2.73
8	**Total Gap / (Surplus) of FY 2012-13**	**21.62**

***Note:** *The gap of FY 2011-12 of Rs. 6.86 Crore approved by the commission will undergo change as per the correction of errors / discrepancies by Commission in view of review Petition filed by MUPL under case no 1346 of 2013. The final order from the Commission is awaited.*

MUPL has submitted that carrying cost is a legitimate expenditure of the distribution companies and the carrying cost is allowed based on the financial principle that whenever the recovery of gap in cash flow arranged by the distribution company from leaders / promoters / accruals is to be paid by way of carrying cost. MUPL has requested to allow the same in the truing up.

Commission Analysis

The Commission reviewed the performance of MUPL under Regulation 22 of GERC (MYT) Regulations, 2011 with reference to the Audited Annual Accounts for FY 2012-13.

The Commission has computed the sharing of gains and losses for FY 2012-13 based on the truing up for each of the components discussed in the above paragraphs.

The ARR approved for FY 2012-13 in the MYT order dated 18th August, 2011, and claimed by MUPL in truing up (gains/losses), computed in accordance with GERC (MYT) Regulations, 2011 are given in the Table below:

Table 4.23: ARR Approved in respect of MUPL in the truing up for FY 2012-13

(Rs. Crore)

Particulars	FY 2012-13					
	Approved in the MYT order	Claimed in truing up	Approved in truing up	Over (+) /Under (-) recovery	Gain/ (Loss) due to controllable factor	Gain/(Loss) due to uncontrollable factor
Power purchase Expenses	58.67	56.89	56.89	1.78		1.78
O&M Expenses	5.54	6.31	6.35	(0.81)	(0.81)	0.00
Depreciation	5.9	3.67	3.67	2.23		2.23
Interest on Long Term loans	7.81	5.09	4.18	3.63		3.63
Interest on Security Deposit	0.73	0.88	0.88	(0.15)		(0.15)
Interest on working capital	0	0	0.00	0.00		0.00
Provision for bad debts	0	0	0.00	0.00		0.00
Contingency Reserve	0.29	0	0.00	0.29		0.29
Income Tax	0	0.13	0.13	(0.13)		(0.13)
Return on Equity @ 14%	4.89	2.66	2.66	2.23		2.23
Less: Non-Tariff Income	0.06	0.06	0.10	0.04		0.04
ARR	**83.77**	**75.57**	**74.66**	**9.03**	**(0.81)**	**9.92**

Summary of Trued up ARR of FY 2012-13 to be recovered by MUPL after incorporation of sharing of Gains/Losses is as detailed in Table below:

Table 4.24: Trued up ARR for FY 2012-13

(Rs. Crore)

Particulars	Approved by Commission for FY 2012-13
ARR approved in MYT order for FY 2012-13 (a)	83.77
Add: Loss on account of controllable factor to be passed to consumers (1/3rd) (b)	0.27
Less: Gain on account of uncontrollable factor (c)	9.92
Add: Consolidated Revenue Gap of FY 2010-11 and FY 2011-12 as per the Commission's Order dated 02.12.2013 on the Review Petition No. 1346/2013 filed by MUPL (d)	9.11
ARR trued up of FY 2012-13 [(e)=a+b-c+d]	**83.23**

As there is no provision for carrying cost in the GERC (MYT) Regulations, 2011, the Commission did not consider claim of carrying cost of MUPL in the truing up for FY 2012-13 in the tariff order dated 20th May 2013. The Commission while approving the tariff revision for FY 2013-14 in the Tariff order dated 20th May 2013 had taken into consideration the gap for FY 2010-11 and FY 2011-12.

The trued up ARR for FY 2012-13 is Rs. 83.23 Crore after sharing of gains and losses for FY 2012-13.

The revenue from the existing tariff has been submitted at Rs. 68.19 Crore for FY 2012-13. The Commission considers the revenue from sale of power at Rs. 68.19 Crore as per Audited Annual Accounts.

The Net revenue gap claimed for FY 2012-13 is given in the Table below:

Table 4.25: Consolidated Revenue Gap approved by the Commission for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved By the Commission for FY 2012-13
1	Annual Revenue Requirement	83.23
2	Revenue from Sale of Power	68.19
3	**Net Revenue (Gap) / Surplus**	**(15.04)**

Accordingly, the Commission approves the trued up gap of FY 2012-13 as Rs. 15.04 Crore. This trued up gap is considered by the Commission for determination of tariff for FY 2014-15.

5. Determination of Tariff for FY 2014-15

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus as well as consumer tariff for the FY 2014-15 for MUPL. 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	MYT Order Approved	Projected in Mid-term Review	Approved in Mid-term Review
1	Power Purchase Expenses	189.48	104.76	111.21
2	O&M Expenses	6.19	9.85	7.1
2.1	Employee Expenses		3.36	
2.2	R& M Expenses		1.99	
2.3	A&G Expenses		4.50	
3	Depreciation	8.36	4.13	4.69
4	Interest on Long Term Loans	9.68	5.94	5.53
5	Interest on Security Deposit	2.74	2.66	2.66
6	Interest on Working Capital	-	0.00	0
7	Provision for bad debts	-	0.00	0
8	Contingency Reserve	0.41	0.54	0.54
9	Income Tax	-	0.85	0.13
10	**Revenue Expenditure**	**216.86**	**128.74**	**131.87**
11	Return on Equity @14%	6.83	3.40	4.13
12	Less: Non-Tariff Income	0.10	0.03	0.10
13	**ARR**	**223.59**	**132.10**	**135.90**

5.3 Projected Revenue from existing tariff for FY 2014-15

The MUPL has projected the Revenue from sale of power at Rs. 127.25 Crore in the Mid-term Review for FY 2014-15 with existing Tariff as given below:

Table 5.2: Revenue Projected with existing tariff for FY 2014-15
(Rs. Crore)

Sl. No.	Parameter	Projected in Mid-term Review
1	Energy requirement for FY 2014-15	244.76
2	Approved sales rate for FY 2012-13	4.85
3	Sales hike approved for FY 2013-14	0.35
4	Final sales rate	5.20
5	Revenue at existing Tariff	127.25

The Revenue gap projected by MUPL with existing tariff for FY 2014-15 is given in the Table below:

Table 5.3: Revenue gap for FY 2014-15 with existing Tariff
(Rs. Crore)

Sl. No.	Parameter	FY 2014-15 (Projected)
1	Approved ARR for FY 2014-15	132.10
2	Revenue from existing tariff for FY 2014-15	127.25
3	Revenue Gap / (Surplus) in FY 2014-15	4.85

Commission's Analysis

The Commission has reviewed the sales projected in the Mid-term Review and approved the sales at 242 MU in the Mid-term Review. The Commission has recomputed the sales revenue based on the sales approved in the Mid-term Review.

The commission has considered Revenue with Existing Tariff for a total sales of 240.24 MU at Rs. 117.41 Cr for FY 2013-14 and also revised the energy charges of HTMD-I Category from Rs. 3.25/unit to Rs. 3.65/unit, in the Tariff Order dated 20th May, 2013, for the FY 2013-14. The additional Revenue after the hike was estimated at 8.69 Cr. Thus, the total Revenue approved for 240.24 MU, for FY 2013-14 was Rs. 126.10 Cr (Rs. 117.41+8.69 Cr) which averages to Rs. 5.25/unit. Thus the revenue with the existing tariff for FY 2014-15 will be Rs. 127.05 Cr (242 MU x Rs. 5.25) for a total sale of 242 MU against Rs. 127.25 Cr projected by MUPL for the total sales of 244.76 MU

The Revenue approved by the Commission in the Mid-term Review is given in the Table below:

Table 5.4: Revenue approved with existing tariff for FY 2014-15

Sl. No.	Parameter	Unit	Approved in Mid-term Review
1	Approved Sales for FY 2014-15	MU	242
2	Approved Sales rate for FY 2013-14	Rs./kWh	5.25
3	Revenue at existing Tariff	Rs. Crore	127.05

5.4 Estimated Revenue and Revenue gap/surplus for FY 2014-15

The Commission has considered the total category-wise sales as approved in the Mid-term Review Order and has applied the existing average tariff on the approved sales. The total revenue from sale of power computed by the Commission at existing tariff is Rs. 127.05 Crore. The estimated gap for FY 2014-15 is given in the Table below:

Table 5.5: Approved Revenue (Gap) / Surplus for FY 2014-15 with existing Tariff

(Rs. Crore)

Sl. No.	Parameter	Projected in Mid-term Review	Approved in Mid-term Review
1	Aggregate Revenue Requirement for FY 2014-15	132.10	135.90
2	Add: Revenue Gap from True-up of FY 2012-13	9.02	15.04
3	**Total Aggregate Revenue Requirement**	141.12	150.94
4	Revenue with Existing Tariff	127.25	127.05
5	**Gap / (Surplus) (4-3)**	13.87	23.89

The Commission approves a Revenue Gap of Rs. 23.89 Crore for FY 2014-15.

5.5 Determination Tariff for 2014-15

Petitioner's submission

The MUPL has proposed increase in tariff only to the HT consumers with more than 500 KVA demand, to partly recover the gap of Rs. 26.47 Crore projected by it for FY 2014-15 including the gap up to FY 2012-13. The MUPL proposed an increase of 25 Paise per unit in fixed charges and 25 Paise per unit in energy charges for the HT consumers with contracted demand above 500 KVA. Which is expected to fetch a revenue of Rs. 14.68 Crore leaving a gap of Rs. 11.79 to be recovered during FY 2015-16.

Commission's Analysis

The Commission decides to address the entire consolidated gap of Rs. 23.89 Crore by revising the tariff. The fixed charges of HTMD-I category consumers with more than 500 KVA demand is revised from 75 Paise per Unit to 110 Paise per unit, an increase of 35 Paise per unit, and the energy charges from 365 Paise per unit to 405 Paise per unit, an increase of 40 paise per unit. It is estimated that there will be increase of Rs. 24.30 Crore in the revenue of MUPL.

6. Wheeling charges and cross subsidy surcharge

6.1 Wheeling Charges

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.

Petitioner's Submission

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

Table 6.1: Allocation matrix for segregation to Wheeling and Retail Supply submitted by MUPL 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 MUPL segregated total ARR of MUPL supply area into ARR for wheeling and retail supply business as shown below:

a. ARR of Wheeling Business – Rs. 19.75 Crore

b. ARR of Retail Supply Business – Rs. 112.35 Crore

Determination of Wheeling Charges

Due to difficulties in segregating costs at HT and LT level, the ARR for wheeling business, MUPL has proposed to apportion the cost between the HT and LT level in proportion to the ratio of their GFA. The HT level assets were further proposed to be segregated between HT and LT voltage levels as per peak load of the Ahmedabad Supply Area.

It is submitted by MUPL-D that;

- The GFA of MUPL as on 31st March, 2013 is Rs. 81.79 Crore. The GFA identified for HT & LT business are Rs. 81.35 Crore & Rs. 0.44 Crore, respectively. The ratio of HT assets to LT assets is 99.50:0.50, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.
- Further as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak.
- The system peak demand for MUPL for the year FY 2012-13 is 26.69 MW. In case of MUPL, the contract demand for all the HT consumers is about 41.40 MVA. Assuming that 99% of the contact demand of HT consumers contributes to the system peak demand, the total demand of HT contributing to the system peak is computed as 26.42 MW and the peak demand of LT is 0.27 MW.
- To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charge determined in terms of Rs/ kW/ Month has been tabulated below:

Table 6.2: Projected Wheeling charges in cash of Ahmedabad area for FY 2014-15

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	19.65
LT Voltage	0.11
Total	19.75
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	19.45
LT Voltage	0.30
Total	19.75
Wheeling Charge in Rs/ kW/ month	
HT Voltage	613.53
LT Voltage	942.53

MUPL has further stated that an Open Access consumer will also have to bear the following wheeling losses in kind in addition to the wheeling charges in cash mentioned above.

Table 6.3: Proposed Wheeling charges of MUPL in kind

Particulars	FY 2014-15 MUPL Area
HT Category	7.00%
LT Category	0.25%

MUPL requested the Commission to consider the submissions as provided in the above paragraph and approve the proposed wheeling charges and wheeling losses as submitted above.

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 6.4: Allocation of matrix for segregation to Wheeling and Retail Supply for MUPL 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 6.5: Allocation of ARR between wheeling and retail supply business for MUPL for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power purchase expenses	111.21	0	111.21
2	O&M expenses	7.05		
	i) Employee expenses	2.65	1.59	1.06
	ii) R&M expenses	1.45	1.31	0.15
	ii) A&G expenses	2.96	1.50	1.50
3	Depreciation	4.69	4.22	0.47
4	Interest on loan	5.53	4.98	0.55
5	Interest on consumer security deposit	2.66	0.27	2.39
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	0.13	0.12	0.01
9	Contribution to contingency reserve	0.54	0.54	0.00
10	Return on equity	4.13	3.72	0.41
11	Prompt Payment Rebate	0.00	0.00	0.00
12	Less: Non-Tariff income	0.06	0.01	0.09
13	**Net ARR**	135.89	**18.22**	**117.67**

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 MUPL for apportionment of ARR between HT and LT voltage level, which is also in tune with the judgement of Hon'ble Tribunal in Appeal no 32 of 2012. Based on the above the wheeling charges in cash are approved as given in the Table below:

Table 6.6: Wheeling charges for HT voltage level

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	18.13
LT Voltage	0.09
Total	18.22
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	17.94
LT Voltage	0.28
Total	18.22
Wheeling Charge in Rs/ kW/ month (For Long-term and Medium-term Open Access consumers)	
HT Voltage	566.13
LT Voltage	847.35
Wheeling Charge in Rs/ kWh (For Short-Term Open Access consumers)	
HT Voltage	0.75
LT Voltage	0.69

The Open Access consumer will also have to bear the following losses in addition to the wheeling charges.

Table 6.7: Approved Wheeling charges in kind

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

6.2 Cross Subsidy Surcharge

Petitioner's Submission

The MUPL has not submitted any proposal for the cross subsidy surcharge.

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 6.8: Cross subsidy surcharge for FY 2014-15

Sl. No.	Particulars	HT Industry
1	T	6.28
2	C	4.33
3	D	0.75
4	L	4%
5	S = Cross subsidy surcharge	Rs. 1.02/kWh

1. Average HT tariff FY 2014-15: Rs. 6.28 /kWh
2. Wt. Avg. Power purchase cost of top 5% at margin: Rs. 4.33 /kWh
3. Cross subsidy surcharge for HT: S = 6.28 - [4.33x(1+4/100) + 0.75]

= Rs. 1.02 /kWh

7. Fuel and Power Purchase Price Adjustment

7.1 Fuel and Power Purchase Price Adjustment

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

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

7.1.1 Formula

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

Where,

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

7.1.2 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for MUPL 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	253	111.21	4.40

As mentioned above the base Power Purchase cost for the MUPL is Rs. 4.40 per kWh and the base FPPPA charge is NIL.

MUPL 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 5.7 above.

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

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

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

8. Compliance of Directives

8.1 The Commission in its Tariff order dated 20th May 2013 had issued directives to MUPL, in pursuance of which, MUPL has submitted a report on compliance of Directives. The Comments of the Commission on the submission / compliance of the MUPL are given below. The Commission has also given fresh directives to the licensee, whichever required.

Directive: Assessment of Distribution Losses

The MUPL is directed to conduct-energy audit by providing meters on all feeders and transformers to establish the loss level in the system. Energy audit shall be taken up immediately and the actual losses data be furnished within six months.

Compliance

In Compliance of the directive MUPL has initiated to conduct the energy audit by providing meters on all feeders and transformers to establish the loss level in the system. The distribution loss measured is as per the external energy recorded.

Commission's Comments

The Compliance of MUPL is noted.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for the MPSEZ Utilities (P) Limited (MUPL) for FY 2014-15, as shown in the Table below:

Approved ARR for MUPL for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	2014-15
1	Power Purchase Expenses	111.21
2	O&M Expenses	7.1
3	Depreciation	4.69
4	Interest on Long Term Loans	5.53
5	Interest on Security Deposit	2.66
6	Interest on Working Capital	0
7	Provision for bad debts	0
8	Contingency Reserve	0.54
9	Income Tax	0.13
10	**Revenue Expenditure**	**131.87**
11	Return on Equity @14%	4.13
12	Less: Non-Tariff Income	0.10
13	**ARR**	**135.90**

The retail supply tariffs for MUPL 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 Schedule for Adani Ports and SEZ Ltd License area of MPSEZ Utilities Pvt. Ltd.

Effective from 1st May, 2014

General Conditions

1. This tariff schedule is applicable to all the consumers of MUPL in License area of Mundra SEZ.
2. All these tariffs for power supply are applicable to only one point of supply.
3. The meter charges shall be applicable as prescribed under GERC's (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulation, 2005.
4. The energy bills shall be paid by the consumer within 10 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date of bill to the date of payment of bill.
5. 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. The various provisions of the GERC's (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulation, 2005 will continue to apply.
7. The charges specified in the tariff are on monthly basis, MUPL shall adjust the rates according to billing period applicable to consumer.
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.
10. 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).

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

12. Contract Demand shall mean the maximum KVA for the supply which the MUPL undertakes to provide facilities to the consumer from time to time.

13. For computation of Fixed charges, they will be computed on 85 % of Contact Demand at Unity Power Factor or Actual whichever is higher on monthly basis

14. Maximum Demand in a month means the highest value of average KVA delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.

15. 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. The levy of penal charge is in addition to other rights of MPSEZ Utilities Private Limited under the provisions of the Electricity Act, 2003 and Regulations notified thereunder.

16. 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.

17. The 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.

18. These rates are exclusive of Electricity Duty, Tax on sale of electricity, Customs duty, Taxes and other charges levied / may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk / retail supplies from time to time in which are payable by consumers, in addition to the charges levied as per the tariff.

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

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

(230 VOLTS- SINGLE PHASE, 400 VOLTS- THREE PHASE, 50 HERTZ)

1. RATE: Residential

This tariff is applicable to services for lights, fans and domestic appliances for heating, cooling, cooking, cleaning and refrigeration purposes, general load and motive power in residential premises.

1.1. FIXED CHARGE

(a)	Single Phase Supply	Rs. 30 per month per installation
(b)	Three Phase Supply	Rs. 45 per month per installation

1.2. ENERGY CHARGE

(i)	First 250 units consumed per month	375 Paise per Unit
(ii)	Remaining units consumed per month	425 Paise per Unit

1.3. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 1.1 above.

2. RATE: Commercial (Non Demand)

This tariff is applicable to services for lights, fans and appliances for heating, cooling cooking, cleaning and refrigeration purposes, general load and motive power in premises other than those requiring the power supply for the purposes not specified in any other LT categories, up to 6 kVA of connected load.

2.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per month per installation

2.2. ENERGY CHARGE

(i)	First 150 units consumed per month	425 Paise per Unit
(ii)	Remaining units consumed per month	450 Paise per Unit

2.3. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 2.1 above.

3. RATE: Commercial (Demand)

This tariff is applicable to lights, fans and appliances for heating, cooling, cooking, cleaning and refrigeration purposes, general load and motive power in premises other than those requiring the power supply for the purposes not specified in any other LT categories, having connected load of 6 kVA and above.

3.1. FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor or six KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR
ii. Eighty – five percent of the Contract Demand OR
iii. Six kVA

3.2 ENERGY CHARGE

A flat rate of	325 Paise per Unit

3.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

3.4. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 3.1 above.

4. RATE: Industrial (Non Demand)

This tariff is applicable up to 6 kVA of connected load in industrial premises (as defined under the Bombay Electricity Duty Act, 1958).

4.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per Month per installation

4.2. ENERGY CHARGE

(i)	First 150 units consumed per month	400 Paise per Unit
(ii)	Remaining units consumed per month	425 Paise per Unit

4.3. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 4.1 above.

5. RATE: Industrial (Demand)

This tariff is applicable to 6 KVA and above of connected load in industrial premises (as defined under the Bombay Electricity Duty Act, 1958), water works and pumping services operated by Local Authorities.

5.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor or six KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR
ii. Eighty – five percent of the Contract Demand OR
iii. Six kVA

5.2 ENERGY CHARGE

A flat rate of	325 Paise per Unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

5.4. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 5.1 above.

6. <u>RATE: Street Lights</u>

Applicable to lighting systems for illumination of public roads.

6.1. ENERGY CHARGE

A flat rate of	375 Paise per Unit

7. <u>RATE: Temporary</u>

This tariff is applicable to installations for temporary requirement of electricity supply. A Consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

7.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f. or Actual maximum demand at monthly average power factor whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand.

7.2 ENERGY CHARGE

A flat rate of	400 Paise per unit

7.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

7.4. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 7.1 above.

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

(11000 VOLTS AND ABOVE - THREE PHASE, 50 HERTZ)

8. RATE: HTMD - 1

This tariff is applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified in any other HT categories.

8.1 FIXED CHARGE

A) For the Billing Demand of customer having

a. Contract demand up to 500 kVA

Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor or one hundred KVA at u.p.f. whichever is higher on monthly basis at 100 % Load Factor	75 Paise per Unit

b. Contract demand above 500 kVA

Computed on 85 % of contract demand at u.p.f or actual maximum demand at monthly average power factor whichever is higher on monthly basis at 100% load factor	110 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	125 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA.

8.2 ENERGY CHARGE

For entire consumption during the month	
up to 500 kVA of the contract demand	365 Paise per unit
Above 500 kVA of the contract demand	405 Paise per unit

8.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

8.4 REBATE FOR SUPPLY AT EHV

Sl. No.	On Energy Charges	Rebate @
1	If supply is availed at 11 KV	0.0%
2	If supply is availed at 33 KV	1.0%
3	If supply is availed at 66 KV and above	2.0%

8.5. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 8.1 above.

9. RATE: HTMD -II

This tariff is Applicable for supply of energy to High Tension consumers contracting for maximum demand of 100 kVA and above 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.

9.1 FIXED CHARGE

A) For Billing Demand up to and including the Contract Demand

Computed on 85 % of Contact Demand at u.p.f or Actual maximum demand at monthly average power factor whichever is higher on monthly basis or one hundred kVA	100 Paise per Unit

B) For Billing Demand in excess of the Contract Demand

Computed on billing demand in excess of Contract Demand on Monthly basis at 100 % Load Factor	150 Paise per Unit

NOTE: The Billing Demand shall be highest of the following:

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA

9.2 ENERGY CHARGE

A flat rate of	500 Paise per unit

9.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

9.4 REBATE FOR SUPPLY AT EHV

Sl. No.	On Energy Charges	Rebate @
1	If supply is availed at 11 KV	0.0%
2	If supply is availed at 33 KV	1.0%
3	If supply is availed at 66 KV and above	2.0%

9.5. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 9.1 above.