

# **GUJARAT ELECTRICITY REGULATORY COMMISSION**



## **Tariff Order**

Truing up for FY 2013-14 and  
Determination of Tariff for FY 2015-16

**For**

**Torrent Power Limited – Distribution  
Ahmedabad**

**Case No. 1467 of 2014**

**31<sup>st</sup> March, 2015**

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सत्यमेव जयते

**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 and Maintenance
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
RLDC	Regional Load Despatch Centre
SBI	State Bank of India
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre



**Torrent Power Limited – Distribution, Ahmedabad  
Truing up for FY 2013-14 and  
Determination of Tariff for FY 2015-16**

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## Before the Gujarat Electricity Regulatory Commission at Gandhinagar

**Case No. 1467 of 2014**

**Date of the Order: 31/03/2015**

### **CORAM**

Shri Pravinbhai Patel, Chairman  
Dr. M. K. Iyer, Member  
Shri K. M. Shringarpure, Member

### **ORDER**

#### **1. Background and Brief History**

##### **1.1 Background**

Torrent Power Limited (hereinafter referred to as 'TPL' or the 'Petitioner') has filed a Petition under Section 62 of the Electricity Act, 2003, read in conjunction with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, for the True-up for FY 2013-14, and determination of tariff for distribution business at its Ahmedabad and Gandhinagar areas for the FY 2015-16 on 29<sup>th</sup> November, 2014.

The Commission admitted the petition on 8<sup>th</sup> December, 2014.



## **1.2 Torrent Power Limited (TPL)**

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

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

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

## **1.3 Commission's Order for the Second Control Period**

TPL filed its petition under the Multi-Year Tariff for the control period FY 2012-13 to FY 2015-16 on 24<sup>th</sup> February, 2011, in accordance with Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007 notified by the Commission.

The Commission issued the new MYT Regulations, notified as GERC (Multi-Year Tariff) Regulations, 2011 on 22<sup>nd</sup> March, 2011.

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

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

The Commission, in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in this behalf, and after taking into consideration the submissions made by TPL, the objections by various stakeholders, response of TPL, issues raised during the public hearing and all other relevant material, issued the Multi-Year Tariff order on 6th September, 2011 for the control period comprising FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16, based on the GERC (MYT) Regulations, 2011. The Commission issued orders for Truing up for FY 2011-12 and Tariff for FY 2013-14 on 16<sup>th</sup> April, 2013.

#### **1.4 Commission's Orders for Mid-term Review of Business plan for TPL**

TPL filed its Petition for Mid-term Review of Business Plan and revision of ARR for balance years for FY 2014-15 and FY 2015-16 of the control period in terms of Regulation 16.2 (i) of GERC (MYT) Regulations, 2011.

The Commission in exercise of the powers vested in it under section 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in this behalf and after taking into consideration the submission made by TPL, the objections by various stakeholders, response of TPL, issues raised during public hearing and all other relevant material, approved the revised ARR for FY 2014-15 and FY 2015-16 in the Mid-term Review of Business Plan for TPL on 29<sup>th</sup> April, 2014.

The Commission issued the order for truing up for FY 2012-13 and determination of Tariff for FY 2014-15 on 29<sup>th</sup> April, 2014.

#### **1.5 Admission of the Current Petition and Public Hearing Process**

TPL submitted the current petition for 'Truing up' for FY 2013-14 and determination of tariff for FY 2015-16 on 29<sup>th</sup> November, 2014. The Commission admitted the petition (Case No. 1467 of 2014) on 8<sup>th</sup> December, 2014.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed TPL to publish its application in an abridged form to ensure public participation. The Public Notice, inviting objections / suggestions from its stakeholders on the ARR petition filed by it, was published in the following newspapers on 16<sup>th</sup> December, 2014.

**Torrent Power Limited – Distribution, Ahmedabad**  
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**Determination of Tariff for FY 2015-16**

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	The Indian Express (Ahmedabad)	English	16/12/2014
2	Sandesh (Ahmedabad)	Gujarati	16/12/2014

The Petitioner also placed the public notice and the petition on its website ([www.torrentpower.com](http://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 16<sup>th</sup> January, 2015.

Some of the consumers/consumer organisations requested for extension of last date for submission of objections. The Commission granted extension of time up to 25<sup>th</sup> January, 2015.

The Commission received objections / suggestions from 11 consumer / consumer organizations. The Commission examined the objections / suggestions received and scheduled the public hearing on 12<sup>th</sup> February, 2015 and 19<sup>th</sup> February, 2015 at the Commission's Office at 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 on above dates.

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.	Shri H.J. Patel	No
2.	Consumer Education and Research Society (CERS)	No
3.	Akhil Gujarat Grahak Sewa Kendra	No
4.	Laghu Udyog Bharati - Gujarat	Yes
5.	Shri Amarsinh Chavda	Yes
6.	Shri Manibhai Gigabhai Dangodara	No
7.	Ahmedabad Textile Mills' Association (ATMA)	No
8.	Utility Users' Welfare Association (UUWA)	Yes
9.	Gujarat Wind Farms Ltd.	No
10.	Prakrutikunj Cooperative Housing Society Ltd.	Yes
11.	Gandhinagar Shaher Vasahat Mahamandal	Yes

During the hearing Shree Gujarat Vijdi Contractor Mandal and Gujarat Chamber of Commerce & Industry also represented its objections / suggestions on the petition filed by TPL.





A short note on the main issues raised by the objectors in the submissions with respect to the petition along with the response of TPL-D (A) and the Commission's views on the response are briefly given in Chapter 3.

## **1.6 Contents of this order**

The order is divided into nine chapters as under:

1. The **first** chapter provides a brief background regarding the Petitioner, the petition on hand and details of the public hearing process and the approach adopted in this Order.
2. The **second** chapter outlines the summary of TPL's petition.
3. The **third** chapter deals with the public hearing process, including the objections raised by various stakeholders, TPL's response and Commission's views on the response.
4. The **fourth** chapter focuses on the details of truing up for FY 2013-14.
5. The **fifth** chapter deals with the determination of tariff for FY 2015-16.
6. The **sixth** chapter deals with compliance of directives and issue of fresh directives.
7. The **seventh** chapter deals with the FPPPA charges.
8. The **eighth** chapter outlines the wheeling charges and cross-subsidy surcharge.
9. The **ninth** chapter deals with the tariff philosophy and tariff proposals.

## **1.7 Approach of this Order**

The GERC (MYT) Regulations, 2011, provide for truing up of the previous year, and determination of tariff for the ensuing year. The Commission has approved the ARR for the two years of the second control period from FY 2011-12 to FY 2015-16, in the MYT order dated 6<sup>th</sup> September, 2011.

TPL has approached the Commission with the present Petition for "Truing up" for the FY 2013-14 and determination of tariff for the FY 2015-16, under GERC (MYT) Regulations, 2011.

The Commission has undertaken truing up for the FY 2013-14, including computation of gains and losses for the FY 2013-14, based on the submissions of the petitioner and the audited annual accounts made available by the petitioner.

While truing up for FY 2013-14, 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 2013-14 has been considered, based on the GERC (MYT) Regulations, 2011. For determination of the ARR for FY 2015-16, the Commission has considered the ARR for FY 2015-16, as approved in the Mid-term Review Order dated 29<sup>th</sup> April, 2014.

## 2. Summary of TPL's Petition

Torrent Power Limited (TPL) submitted the current petition, seeking approval of True-up for ARR of FY 2013-14 and determination of tariff for the FY 2015-16. The petitioner has also submitted a tariff proposal for FY 2015-16, based on the estimated revenue gap for the FY 2013-14 and ARR of FY 2015-16, approved in the Mid-term Review of the Business Plan.

### 2.1 Actuals for FY 2013-14 Submitted by TPL

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

**Table 2.1 Actual Claimed by TPL for FY 2013-14**

(Rs. Crore)		
Particulars	Approved in MYT Order	Actual as per TPL
Power Purchase Cost	2854.87	3530.38
O&M Expenses	215.99	232.79
Depreciation	173.10	108.82
Interest Cost on Long-term Capital Loans	130.95	65.10
Interest on Working Capital	7.84	-
Interest on Security Deposit	15.95	30.44
Return on Equity	198.30	151.53
Provision for Bad Debt	1.09	1.50
Contingency Reserve	0.60	0.60
Income Tax	8.52	-
<b>Less:</b>		
Non-Tariff Income	54.84	87.55
<b>Annual Revenue Requirement</b>	<b>3552.36</b>	<b>4033.62</b>

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

The Table below summarises the proposed ARR claimed by TPL for truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2013-14.

**Table 2.2: True-up ARR claimed by TPL for FY 2013-14**

(Rs. Crore)		
Particulars		FY 2013-14
ARR as per MYT order	A	3,552.36
Gains/(loss) due to Uncontrollable Factors	B	(522.37)
Gains/(loss) due to Controllable Factors	C	41.12
Pass through as tariff	$D=(B+1/3^{rd} \text{ of } C)$	508.66
Revised ARR for True-up for FY 2013-14	$E=A+D$	4,061.03

The Table below summarises the Gap/Surplus for Ahmedabad supply area for FY 2013-14.



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**Table 2.3: Revenue Gap/ (Surplus) for Ahmedabad Supply Area for FY 2013-14**  
**(Rs. Crore)**

Particulars	MYT Order	Actuals
Annual Revenue requirement		4061.03
Less: Audit Adjustments for FY 2010-11		0.08
Total Trued Up ARR for FY 2013-14		4060.95
Revenue from Sale of Energy		3730.04
Less: Revenue approved towards recovery of Earlier Years Gap*		107.16
Balance Revenue		3622.88
<b>Gap/(Surplus)</b>		<b>438.06</b>

\* As per the Commission order dated 16<sup>th</sup> April, 2013 read with APTEL judgment dated 30<sup>th</sup> May, 2014.

TPL has requested the Commission to approve the gap of Rs. 438.06 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 2015-16**

TPL has considered the Revised ARR of Rs. 4527.47 Crore for FY 2015-16, submitted in the Mid-term Review for the purpose of determination of tariff for FY 2015-16. The gap arrived at for FY 2015-16, 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 2015-16**

Particulars	(Rs. Crore)
	<b>TPL-D (A)</b>
Revised ARR	4527.47
Less:	
Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	4686.52
<b>Net Gap/Surplus</b>	<b>(159.05)</b>

TPL has claimed the cumulative revenue gap/(surplus) for FY 2015-16 as detailed in the Table below:

**Table 2.5: Cumulative Revenue (Gap)/Surplus for determination of Tariff of Ahmedabad Supply Area for FY 2015-16**

		(Rs. Crore)
Sl. No.	Particulars	TPL-D (A)
1	Gap/ (surplus) of FY 2013-14	438.06
2	Implementation of APTEL judgment	62.37
3	DSM	4.45
4	Clarification / Rectification Order	8.06
5	Net Gap/ (Surplus) of FY 2015-16	(159.05)
6	<b>Cumulative Gap/ (Surplus) to be recovered through Tariff</b>	<b>353.88</b>



TPL has proposed to cover the above-mentioned revenue gap through tariff revision. The additional revenue due to proposed tariff amounts to an average tariff increase of 8% over the existing tariff.

#### **TPL's Request to the Commission**

TPL has requested the Commission to:

- a) Admit the Petition for True-up of FY 2013-14 and determination of tariff for FY 2015-16.
- b) Approve the trued up gap of FY 2013-14.
- c) Approve the sharing of gains/losses as proposed by the Petitioner for FY 2013-14.
- d) Approve the gap/(surplus) for FY 2015-16.
- e) Approve the cost of DSM project.
- f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1<sup>st</sup> April, 2015.
- g) Approve the retail supply tariff for FY 2015-16.
- h) Allow recovery of the costs as per the judgements of the Tribunal on the Appeals filed by the Petitioner.
- i) Allow additions/alteration/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 TPL and Commission's view**

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### **3.0 Stakeholders' suggestions / objections, Petitioner's Response and Commission's Observation**

In response to the public notice inviting objections/suggestions from stakeholders on the Petition filed by TPL for Truing up of FY 2013-14 and determination of Tariff for FY 2015-16 under GERC (MYT) Regulations, 2011, a number of Consumers / organisations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. It is observed that the objections / suggestions filed by and large are repetitive in nature. The Commission has addressed the objections / suggestions by the consumer/consumers organisations, the response from the Petitioner and the view of the Commission as given below:

#### **3.1 Increase in Fixed Charges**

##### **Objection**

The proposal of the Petitioner to link fixed charges with monthly consumption for residential consumers which will result in variable fixed charges based on monthly consumption will create problem, fixed charges to be linked to connected load.

##### **Response of TPL**

Linking the fixed charges to connected load for residential consumers is not effective as residential consumers do not revise the connected load from time to time. In spite of increase in the actual load. The consumers utilise the network without making any of payment of fixed costs. Hence it is proposed to linkup with actual consumption.

##### **Commission's Observation**

The Commission has examined the proposal and appropriate decision taken.

#### **3.2 Increase in Energy Charges**

##### **Objection**

The proposal to increase the fixed charges as well as Energy Charges, if approved shall put heavy burden on consumer. The consumers are already paying high energy charges and exorbitant FPPPA charges.



The proposal to introduce slab of above 400 units, is appreciated. Request the Commission to approve the same.

**Response of TPL**

The Petitioner has proposed the increase in fixed and energy charges to recover the cumulative gap of FY 2015-16.

The fixed charges component of tariff is to recover entire fixed cost and variable cost (energy charges) pertain to utilisation.

Additional slab above 400 unit/month is introduced considering the consumer capacity to pay. Request the Commission to approve the same.

**Commission's Observation**

The Commission has examined the issues raised and has taken appropriate decision.

**3.3 Renewable Purchase Obligation (RPO)**

**Objection**

The Commission should not impose any penalty in case of shortfall in purchase of Renewable Energy and restrict RPO to 10% till cost of solar power drops below Rs. 6.50/unit.

**Response of TPL**

The Petitioner is making all efforts to meet its RPO by inviting offers from Re-generators, purchasing REC and executing its own wind and solar projects. However it is not able to meet with RPO due to supply constraints and reasons beyond its control.

**Commission's Observation**

The response of TPL is noted. TPL shall make all efforts to meet its RPO.

### 3.4 Demand Side Management

#### Objection

The Petitioner should implement demand side management at consumer end. The objector has given certain suggestions regarding DSM on implementation of LEDs by providing LEDs to consumers at subsidised cost.

#### Response of TPL

The Petitioner has proposed DSM measures in line with GERC Regulations to be implemented at consumer end.

#### Commission's Observation

The Commission is monitoring the implementation of DSM measures by the licensee.

### 3.5 Abolition of Meter Rent

#### Objection

It is suggested meter rent is to be merged in fixed charges. The cost of meter is to be recovered in five-seven years and recovered at the time of replacement of defective/burnt meters. To stop any malpractices several SERC have abolished meter rent.

#### Response of TPL

The Petitioner is collecting meter rent in line with GERC (License's power to recover expenditure incurred in providing supply & other miscellaneous charges) Regulations, 2005 framed under Electricity Act, 2003.

#### Commission's Observation

The response of TPL is noted.

### 3.6 Rebate for Increase of power factor

#### Objection

Suggested to increase the rebate for improvement of power factor by everyone percent.

PF limits	Existing (P/U)	Proposed
90-95	0.15	0.25
95-100	0.27	0.50
below 90	3.00	3.00





### **Response of TPL**

The consumer is required to maintain power factor at 0.90 as per provision of supply code. The rebate is provided to incentivise the consumer to improve the power factor. The Petitioner has proposed to maintain the rebate at existing level.

### **Commission's Observation**

The response of TPL is noted.

## **3.7 Units Slab for BPL**

### **Objection**

It is suggested that the existing limit of 30 units/month for BPL category of consumer to be increased to 100 units/month for concessional tariff.

### **Response of TPL**

BPL category tariff is applicable to BPL consumers only concessional rate is for 30 units/month. The balance units are charged at the regular rate. The objective is to supply electricity to such consumers at concessional tariff which is in accordance with the provisions of Tariff policy.

### **Commission's Observation**

The response of TPL is noted.

## **3.8 Electricity Duty**

### **Objection**

As per the Constitution and Government Policies, the company cannot levy Electricity Duty. The Petitioner is not following the Government Policies on Electricity Duty.

### **Response of TPL**

The Petitioner is only collecting the Electricity Duty levied by the State Government as per provisions of Electricity Duty Act of Government of Gujarat.

### **Commission's Observation**

The response of TPL is noted. The State Government levies the duty, TPL only collects the amount and remits to Government.

### **3.9 Consumer Contribution and Government Grants**

#### **Objection**

All the Distribution and Transmission companies construe that the consumer contribution and Government grants are their property. There is no provision in the Electricity Act, 2003. Due to this reason depreciation reserved is required to bifurcate in two parts. The interest on depreciation reserve of consumers' contribution shall be given credit in ARR True-up.

The Petitioner transfers 10% of consumer contribution/grant to the statement of profit and 90% to reserves/surplus.

#### **Response of TPL**

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

Consumer contribution is dealt as per Accounting Standards. It is further submitted that it does not claim any depreciation or return on equity on the consumer contribution.

#### **Commission's Observation**

The response of TPL is noted.

### **3.10 Reserve and Surplus**

#### **Objection**

There is no data available on reserve and surplus in ARR. There is huge reserve/surplus and hence there is no need of truing up of the Petitions.

#### **Response of TPL**

All the required information has been provided in ARR in accordance with the GERC (MYT) Regulations, 2011.

**Commission's Observation**

The Petitioner submits in the Petition required information as per GERC Regulations, 2011.

**3.11 Unscheduled Interchange Charges**

**Objection**

The mechanism of approval of the unscheduled interchange charges is not known.

**Response of TPL**

The unit cost of unscheduled interchange is charged as per CERC (Unscheduled interchange and Related Matters) Regulations, 2009 read with GERC (Terms & Conditions for Intra State Open Access) Regulation, 2011

**Commission's Observation**

The response of TPL is noted. The unscheduled interchange (UI) charges are fixed by CERC. The charges are related to frequency of the system at the time interchange.

**3.12 Return on Equity**

**Objection**

The Return on Equity has to be calculated on paid up capital excluding grants and service line contribution received from the consumers in the light of APTEL judgement. The Reserve /Surplus amount can be considered as income for the year FY 2015-16.

**Response of TPL**

The Petitioner has claimed as per GERC (MYT) Regulations, 2011 and does not claim RoE on the Government Grants and Service Line Contribution received from the consumers. Reserves & Surplus cannot be considered as part of Income.

**Commission's Observation**

The response of TPL is noted.

### **3.13 Revenue Realisation for FY 2014-15**

#### **Objection**

As per the data in D-4 forms of the Petition the category-wise revenue realisation for FY 2015-16 is less than the realisation during FY 2014-15. Rs. 1173.74 Crore is projected under receipt during FY 2015-16.

#### **Response of TPL**

TPL has furnished all the information pertaining to the estimates of each component of ARR along with revenue computation for FY 2015-16 at the existing and proposed tariffs in D-4 forms.

#### **Commission's Observation**

The response of TPL is noted.

### **3.14 Fixed Charges to Domestic Consumers**

#### **Objection**

The Distribution Company has proposed to bill consumers on the basis of connected load of electrical equipment, all equipments are not simultaneously used by the consumer.

The licensee is billing the consumer as per actual consumption based on reading from Energy Meter which captures connected load.

The Commission not to approve the fixed charges based on connected load. Otherwise excessive rise in energy bill.

#### **Response of TPL**

The computation of connected load is considered only based on installed appliances as per supply code. The recovery of fixed charges is only linked to connected load and the energy (variable) charges linked to actual consumption. The fixed charge component shall recover the entire fixed cost incurred by the licensee and energy charges reflect only actual consumption. Major portion of fixed charges are recovered through energy charges.

**Commission's Observation**

The response of TPL is noted.

**3.15 Open Access to Consumers**

**Objection**

The objector has submitted that the refusal of Open Access and revocation of NOC is based on wrong application of laws.

**Response of TPL**

The Petitioner has submitted that it has granted NOC to all the consumers who have applied for Open Access in line with GERC (Terms and Conditions of Intra State Open Access) Regulations, 2011.

**Commission's Observation**

The response of TPL is noted.

**3.16 Open Access Issues**

**Objection**

Objector has submitted that the written objections are treated in dismissive manner as being irrelevant and it will make direct oral submissions at the hearing procedure.

**Response of TPL**

It refutes the allegations of the objector. The Petitioner would like to submit depending on the nature of submissions made the petitioner would respond either during the course of hearing, if possible or by way of written submissions thereafter.

**Commission's Observation**

The response of TPL is noted.

**3.17 Audit by CAG**

**Objection**

The objector has suggested the Commission to request the CAG to carryout quick / test / statistical audit of Petitioner to establish credibility of the process.

### **Response of TPL**

Petitioner has submitted that it has filed the present Petition in line with the GERC (MYT) Regulations, 2011. The Petitioner prepares the accounts in accordance with accounting standards issued by the Institute of Chartered Accountants of India and the Accounting statement prepared is in line with companies Act, 1956 and duly audited by Statutory Auditors.

### **Commission's Observation**

The response of TPL is noted.

## **3.18 Wheeling Charges and Cross Subsidy Surcharge**

### **Objection**

There is hike in wheeling charges as additional CAPEX incurred is marginal and financed from internal accruals. The objector has also raised issues regarding levy of cross subsidy surcharge and contended that cross subsidy surcharge should be zero.

### **Response of TPL**

It is submitted that the Open Access charges, wheeling charges and cross subsidy surcharge are computed considering the approved ARR for the year. Cross subsidy surcharge is computed as per the formula specified.

### **Commission's Observation**

The response of TPL is noted. It is a factual statement.

## **3.19 Profits of the Company**

### **Objection**

The objector has stated that the Petitioner is profit making company and profit has increased beyond reasonable limits and the profit is higher.

### **Response of TPL**

TPL has submitted that annual accounts of the company pertain to all the business of the company, including regulated and unregulated business, while petition is only related to the regulated business of Ahmedabad and Surat license areas of the Petitioner which is within the jurisdiction of the Commission.

It is not correct to compare the financials as per annual accounts of the company and the Petition filed by the company. The annual accounts of the company are proposed as per provisions of the Companies Act, 1956 and in accordance with accounting structure duly audited by statutory auditors of the company. The tariff petition is in accordance with the various regulations specified by the Commission from time to time.

#### **Commission's Observation**

The objection raised and the response of TPL are noted.

### **3.20 Power Procurement through Competitive Bidding**

#### **Objection**

The objector has referred to APTEL decision and requested the Commission to direct distribution licensee to carry out power procurement through competitive bidding.

#### **Response of TPL**

Section 63 of the Electricity Act, 2003 gives an option to procure power at tariff determined in accordance with the competitive bidding guidelines issued by Central Government. In this case the Commission shall adopt the tariff as per competitive bidding instead of determining the Tariff under Section- 62 of the Electricity Act, 2003 it is clear that procurement of power is permissible either at tariff determination under Section- 63 or tariff determination under Section- 62.

#### **Commission's Observation**

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

### **3.21 Agreement between TPL- Generation Unit and TPL- Distribution**

#### **Objection**

The Objector has stated that there is no Power Purchase Agreement between TPL- Generation Unit with TPL- Distribution, hence there is no obligation for TPL-D to procure power from its own generation division which is a separate legal entity as per provision of Electricity Act, 2003.

### **Response of TPL**

TPL has submitted that TPL-G (APP) generation is an embedded generation and is the approved source of power purchase as per Commission's MYT Order.

TPL-G (APP) and Ahmedabad and Surat licensed areas are separate divisions of same legal entity.

### **Commission's Observation**

The response of TPL is noted.

### **3.22 Procuring Power from TPL-G (APP) its Own Generation Company at exorbitant higher price**

#### **Objection**

The Objector has stated that TPL-D is purchasing Power from TPL's own company at exorbitant higher price whereas power from other sources has become cheaper than approved in MYT Order. TPL-D is procuring power from its own sister concern just to enrich its own company at the cost and risk of the consumers of Ahmedabad/Gandhinagar and Surat which is totally against the principle of MYT frame work, against the provisions of Electricity Act, 2003, National Tariff Policy and National Electricity Policy.

The Objector has further submitted that the purchase cost in terms of SUGEN, TPL-G (APP) is not to be approved and tariff to the extent should be reduced.

### **Response of TPL**

The Petitioner is entrusted with the obligation of supplying Electricity in its area of supply i.e., Ahmadabad/Gandhinagar and Surat.

The Petitioner has entered in to a long term commitment of 25 years for sourcing the power including setting up its own generation capacity in order to fulfil its universal supply obligation. The generation cost has two part Tariff, capacity charges and energy charge, for recovery of total cost.

The distribution licensee is liable to pay the fixed cost spread out over the 25 years period in accordance with the provision of the Regulations irrespective of the level of utilisation.





At present the Petitioner's gas based plants are not being fully utilised because fuel is not being allocated by Government of India due to low availability of domestic gas in the scenario of unexpected reduction of production of gas from KG basin. The Petitioner's purchase agreements for power are for 25 years and accordingly, the short-term issue of non-availability of gas needs to be seen in long term perspective. The determination of capacity charges and its payment is in accordance with Regulations of the Commission.

#### **Commission's Observation**

The issue raised by the Objector and response of TPL are noted.

### **3.23 Deviation from approved Power Purchase Cost should not be passed on to the consumers**

#### **Objection**

The Objector has stated that the Power Purchase Cost is more than 85% of the total cost. TPL-D is deviating from the MYT approved cost and source of Power procurement which has been approved by the Commission. Deviation made by TPL-D in the MYT approved cost should not be passed on to the consumers because consumer suggestions/objections are not obtained.

#### **Response of TPL**

The Commission has approved the base power purchase cost considering the actual cost of FY 2009-10 in its MYT Order. As per MYT Framework, the variation between actual power purchase cost and approved purchase cost on account of uncontrollable factor is to be allowed during truing up exercise. Accordingly the Petitioner has claimed the variation on account of uncontrollable factor in the truing up exercise. The Petitioner has submitted that it is making all efforts to source power at competitive rate but the cost of power purchase depends on various factor including quantum, period and market conditions.

#### **Commission's Observation**

The issue raised by objector and the response of TPL are noted and the Commission has taken appropriate decision in accordance with the provisions of GERC (MYT) Regulations, 2011.

### **3.24 Gas supply agreement for Vatva Power Plant is not entered by TPL**

#### **Objection**

The objector has stated that TPL-D is purchasing power from TPL-G units where Vatva Gas station of 100 MW is not generating any power for the last three years. This excuse is totally not acceptable because TPL-G has not entered in to gas supply agreement.

#### **Response of TPL**

Fuel supply arrangement for gas based station is being governed as per Gol policy for allocation of gas and determination of price as per Gol policy the Petitioner has signed Gas agreement.

Hence, allocation of domestic gas by Gol to Vatva plant was reduced considerably in FY 2012-13 from March 2013 the allocation has been reduced to zero due to reduction in the availability of gas from KG basin. Further the cost of RLNG was uneconomical, the petitioner has not sourced the RLNG for Vatva plant during FY 2013-14.

#### **Commission's Observation**

The response of TPL is noted.

### **3.25 CAG Audit**

#### **Objection**

The objector has stated that there is a lot of reduction in tariff if Commission get the accounting statement audited by CAG. It is further stated Torrent Power Limited has loaded the expenditure of other non-regulated business to the regulated business of TPL-D as per audit report of Mittal and Company, Chartered Accountant appointed by the Commission.

#### **Response of TPL**

The petitioner contended that the objection raised by the objector relating to the observations made by the Third Party Auditor is incorrect. The Petitioner prepares and maintains the accounts in accordance with the accounting standards issued by Institute of Chartered Accountants of India and the accounting statement is prepared



in line with Companies Act 1956 and duly audited by the statutory auditor of the Company.

Regarding Third Party Audit report, the petitioner has given effect to the adjustment based on the observations of the third party auditing.

**Commission's Observation**

The response of TPL is noted.

**3.26 Details of Revenue from FPPPA are not furnished.**

**Objection**

The objector has stated that the Petitioner has not furnished the details of revenue from Tariff and FPPPA in the Petition.

**Response of TPL**

Form D provides calculation of revenue for ensuing year based on details of consumer numbers, connected load, contract demand slab wise energy consumption etc. For FY 2013-14, the Petitioner has considered the actual revenue in Truing up.

**Commission's Observation**

The response of TPL is noted.

**3.27 Bilateral Power Purchase**

**Objection**

The objector has sought the details of bilateral power purchase source wise with price, quantum and the period.

**Response of TPL**

The Petitioner has purchased power from bilateral sources which include M/s Jindal Power Limited, Adani Enterprises Limited, Sterlite Energy Company, Tata Power Trading Company, PTC India Limited (APNPL), PTC India (WBBEDCL) and GUVNL on RTC & Day power. It may further be noted that the quantum and the rate varies month to month from various sources. It may be noted these power purchases have been approved by the Commission in its order Case no. 1275 / 2012 (Dated 13.02.2013) Case no. 1319/2013 (Dated 26.06.2013).

### **Commission's Observation**

The response of TPL is noted.

### **3.28 Benefits of MYT are not achieved**

#### **Objection**

The objector has alleged that the benefits of MYT are not achieved as the Petitioner has asked for huge gap in spite of the fact that the uncontrollable costs like fuel and power purchase cost that have already been recovered through the mechanism of FPPPA

#### **Response of TPL**

The Petitioner has filed the petition in accordance with section 62 of the Electricity Act 2003 and read with GERC (MYT) Regulation, 2011. The erstwhile FPPPA formula did not allow the recovery of cost incurred and did not allow the recovery of cost due to change in mix of power purchase. Therefore such uncovered cost reflect as gap during truing up exercise.

### **Commission's Observation**

The response of TPL is noted.

### **3.29 TPL was allowed to earn more return on Equity than the permissible under Electricity Act, 2003**

#### **Objection**

The Objector has referred to Tariff petition filed by TPL during the past years since FY 2009-10 and contended that the particulars on equity and return on equity are not correct.

#### **Response of TPL**

TPL has submitted that the Return on Equity has been calculated as per the provisions of the GERC (MYT) Regulations, 2011. The Petitioner has also submitted that the service line contributions received from the consumers are not considered as part of Equity while calculating the Return on Equity.

### **Commission's Observation**

The response of TPL is noted. The Return on Equity is strictly regulated as per GERC (MYT) Regulations, 2011.

### **3.30 AT&C loss is not reduced since FY 2010-11 in spite of huge investments in capital works**

#### **Objection**

The Objector has stated that the company has invested (Rs. 958.32 Crore) 30% of Rs. 3194.40 Crore towards Equity and the AT & C losses remained at AT&C at 8.5% since 2000-01 to 2010-11 that means it has not invested that much amount.

#### **Response of TPL**

TPL has submitted that the AT&C losses during FY 2013-14 is 7.27%. The investments made by the Petitioner are to cater to consumer demand and to provide reliable supply. The augmentation of the network, up-gradation and modernisation made in the network has helped the Petitioner to contain the AT&C losses in addition to meeting the load growth and enhancing system reliability.

### **Commission's Observation**

The response of TPL is noted.

### **3.31 Increase in Tariff of 0.55 per Unit**

#### **Objection**

The Objector has stated that TPL has proposed increase in Tariff by Rs. 0.55/Unit. It is surprising that when the prices of fuel like crude oil, coal, gas etc. are down since last one year, how TPL's fuel cost and Power Purchase cost goes up?

#### **Response of TPL**

The Petition for truing up for FY 2013-14 is filed based on actual expenditure incurred and determination of Tariff for FY 2015-16 is in line with the provision of Section- 62 and Section-64 of the Electricity Act, 2003 read with GERC (MYT) Regulations, 2011. It is further submitted that prices of crude oil and coal along with exchange rate increased substantially during FY 2013-14 with respect to base Power Purchase cost.

**Commission's Observation**

The issue raised by the Objector and response of TPL are noted.



## 4. Truing up of FY 2013-14

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### 4.0 Introduction

This chapter of the order deals with the truing up for FY 2013-14 for TPL-D, Ahmedabad.

The Commission has studied and analysed each component of the ARR for the FY 2013-14 in the following paragraphs.

### 4.1 Energy Sales to the Consumers

#### Petitioner's Submission:

TPL has submitted the category-wise actual energy sales for Ahmedabad area for the FY 2013-14, along with the sales approved by the Commission in MYT Order dated 6<sup>th</sup> September, 2011 as given in the Table below:

**Table 4.1: Energy sales for FY 2013-14 for Ahmedabad Area**

Category	As per MYT Order for FY 2013-14	(MU) Actuals for FY 2013-14
RGP	2238	2041.87
Non- RGP	1302	816.37
LTP	329	NA
LTMD	1033	1513.70
HT	1646	1504.08
HT Pumping	111	110.38
Others	72	75.86
DoE Units	-	7.36
<b>Total</b>	<b>6731</b>	<b>6069.62</b>

The actual sales come to 6069.62 MU in the Ahmedabad area for FY 2013-14, as against 6731 MU considered in the MYT Order.

#### Commission's Analysis

The Commission, in the MYT Order dated 6<sup>th</sup> September, 2011, had considered the estimated sales of 6731 MU for Ahmedabad area for FY 2013-14. The actual energy sales in Ahmedabad area were 6069.62 MU, which were lower (by 661.38 MU) than the estimated sales considered by the Commission in the MYT Order.

**The Commission approves the energy sales totalling 6069.62 MU for Ahmedabad area for truing up for FY 2013-14.**



## 4.2 Distribution Losses

### Petitioner's Submission

TPL has submitted that the actual distribution loss was 7.27% in the Ahmedabad area for FY 2013-14. The distribution loss approved in the MYT Order for FY 2013-14 and the actuals for FY 2013-14 are given below:

**Table 4.2: Distribution loss for FY 2013-14**

(%)		
Particulars	As per MYT Order for FY 2013-14	Actual
Distribution Loss	8.50	7.27

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

### Commission's Analysis

The Commission has observed that the actual distribution losses (in %) in FY 2013-14 is less than the approved distribution losses in the MYT order.

**The Commission approves the Distribution losses at 7.27% for Truing up for FY 2013-14.**

## 4.3 Energy Requirement and Power Purchase

### Petitioner's Submission

The Petitioner has submitted that based on the actual energy sales and the transmission & distribution loss units, the actual energy requirement for Ahmedabad and Surat Supply Area has been furnished. The total energy requirement was met through various sources as described in the subsequent section.

### Energy Requirement for Ahmedabad and Surat Areas

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

**Table 4.3: Energy Requirement submitted by TPL-D Ahmedabad and Surat for FY 2013-14**

Sl. No.	Particulars	MYT Order	Actual
1	<b>Ahmedabad Supply Area</b>		
2	Energy Sales (MU)	6731.00	6069.62
3	Distribution Losses (%)	8.50%	7.27%
4	Distribution Losses (MU)	625.28	475.72
5	Energy input at the Distribution level (MU)	7356.28	6545.34
6	Transmission Losses (MU)	171.68	149.64
7	<b>Energy Requirement (A)</b>	<b>7527.96</b>	<b>6694.98</b>





**Torrent Power Limited – Distribution, Ahmedabad**  
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Sl. No.	Particulars	MYT Order	Actual
8	<b>Surat Supply Area</b>		
9	Energy Sales (MU)	3502.00	3165.04
10	Distribution Losses (%)	5.15%	4.33%
11	Distribution Losses (MU)	190.15	143.15
12	Energy input at the Distribution level (MU)	3692.15	3308.19
13	Transmissions Losses (MU)	35.38	99.11
14	<b>Energy Requirement (B)</b>	<b>3727.53</b>	<b>3407.30</b>
15	<b>Total energy Requirement (A+B)</b>	<b>11255.49</b>	<b>10102.28</b>

**Energy Availability for TPL-D (Ahmedabad and Surat)**

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

**Table 4.4: Energy Availability (Net) for FY 2013-14 for TPL-D supply Area (Ahmedabad and Surat)**

Sl. No.	Energy Sources	MYT Order	Actual (MU)
1	TPL-G (APP)	3354.25	2463.16
2	TPL-G (SUGEN)	6093.98	2207.36
3	SUGEN Expansion + DGEN	281.59	-
4	Bilateral	858.00	4134.01
5	Power Exchange	510.60	1041.03
6	Renewable Energy	763.51	167.63
7	<b>Sub-Total</b>	<b>11861.93</b>	<b>10013.20</b>
8	Add: Sales of Surplus Power / UI	(606.44)	89.08
9	<b>Total</b>	<b>11255.49</b>	<b>10102.28</b>

TPL has submitted that due to reduction in availability of gas in KG basin, the allocation of domestic gas was reduced by the Govt. of India. The utilisation of gas generation facilities, though available, majorly depends on contracted sources of supply. Despite the availability of generation facilities, the Petitioner had to source power from bilateral sources and power exchange to cater to the demand of its consumers. Accordingly, there was a variation in off take from SUGEN & Vatva Generation facilities. This variation is uncontrollable as it is beyond the control of the Petitioner.

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



### **Power Purchase Cost for Ahmedabad and Surat Areas**

TPL-D has submitted that the quantum of power purchase depends on energy sales and distribution loss and the mix of power purchase depends on the availability and cost of different sources at a point of time. Therefore, the Commission has also classified it as uncontrollable item except for the variation in distribution loss level. The actual power purchase cost for FY 2013-14 is provided in the table below and compared with the approved power purchase.

The variation in the power purchase cost from the MYT Order is on account of variation in sales and variation in actual cost with respect to the base rate along with purchase of power from short-term sources to meet the shortfall during the year.

The variation in power purchase cost is uncontrollable except on account of variation in distribution losses and hence the same needs to be allowed in truing up exercise.

**Table 4.5: Power Purchase Cost submitted for TPL-D supply Area for FY 2013-14**  
**(Rs. Crore)**

<b>Sl. No.</b>	<b>Energy Sources</b>	<b>MYT Order</b>	<b>Actual</b>
1	TPL-G (APP)	1172.32	1092.50
2	TPL-G (SUGEN)	2034.93	2109.01
3	SUGEN Expansion + DGEN	235.58	-
4	Bilateral	389.81	1687.79
5	Power Exchange	285.90	344.27
6	Renewable Energy	399.02	68.09
7	REC	-	56.93
<b>8</b>	<b>Total</b>	<b>4517.56</b>	<b>5358.58</b>

TPL-D has submitted that the power purchase for its Ahmedabad & Surat licensee areas has been carried out on collective basis and the total power purchase cost has been apportioned between Ahmedabad & Surat on the basis of usage to cater to the demand of its customers. Accordingly, the allocated power purchase cost for Ahmedabad Supply area is Rs. 3530.38 Crore for FY 2013-14.

### **Commission's Analysis**

#### **Energy Requirement**

The energy requirement for Ahmedabad area submitted by the Petitioner for FY 2013-14 along with energy requirement of MYT Order, has been examined. The actual energy sale is lower than that approved in the MYT Order. Same is the case of T&D losses. The lower sales and lower distribution losses have resulted in the reduction of energy requirement during FY 2013-14. The distribution losses approved



in MYT Order were 8.50% (625.28 MU) and the actual distribution losses achieved is 7.27% (475.72 MU). The total energy requirement, being the sum of energy sales and transmission and distribution losses, was 6694.98 MU for FY 2013-14.

**The Commission, accordingly, approves the energy requirement of Ahmedabad distribution area at 6694.98 MU for truing up for FY 2013-14, as summarised in Table 4.3 above.**

### **Energy Availability**

TPL has submitted that the power purchase for its Ahmedabad and Surat license areas has been carried out on a collective basis. TPL has purchased power from TPL-G (APP), TPL-G (SUGEN), Renewable energy and other sources bilateral purchase/ power exchange to meet the requirement of Ahmedabad and Surat areas. All the sources have been listed as approved sources of power in the MYT Order. TPL has made bilateral purchase of power 5175.04 MU from Bilateral & Power Exchange, as against 1368.60 MU approved in the MYT Order. This additional Short-Term purchase is due to shortfall in generation at TPL-G (APP) and TPL (SUGEN). The Commission observed that TPL has sold 89.08 MU of energy under sale of surplus/ UI (Unscheduled Interchange).

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

**Table 4.6: Approved Source-wise Power purchase for Truing up for FY 2013-14 for TPL-D**

(MU)			
Sl. No.	Energy Sources	Actuals submitted by TPL	Approved by the Commission
1	TPL-G (APP)	2463.16	2463.16
2	TPL-G (SUGEN)	2207.36	2207.36
3	SUGEN Expansion + DGEN	-	-
4	Bilateral	4134.01	4134.01
5	Power Exchange	1041.03	1041.03
6	Renewable Energy	167.63	167.63
7	<b>Sub-Total</b>	<b>10013.20</b>	<b>10013.19</b>
8	Add: Sales of Surplus Power / UI	89.08	89.08
9	<b>Total</b>	<b>10102.28</b>	<b>10102.27</b>

Out of total power purchase of 10102.27 MU, the requirement of Ahmedabad license area is 6694.98 MU, as can be seen from Table 4.3 above.



### Power Purchase Cost

The actual power purchase cost for FY 2013-14 as submitted by TPL, along with power purchase cost approved in the MYT Order, is given in the Table 4.5.

**Table 4.7 (a): Power Purchase Cost as approved in MYT Order and actual claimed by TPL-D for FY 2013-14**

(Rs. Crore)			
Sl. No.	Energy Sources	As per MYT Order	Actual submitted by TPL
1	TPL-G (APP)	1172.32	1092.50
2	TPL-G (SUGEN)	2034.93	2109.01
3	SUGEN Expansion + DGEN	235.58	-
4	Bilateral	389.81	1687.79
5	Power Exchange	285.90	344.27
6	Renewable Energy	399.02	68.09
7	REC	-	56.93
8	<b>Total</b>	<b>4517.56</b>	<b>5358.58</b>

The consolidated cost of purchase of power for TPL-D for FY 2013-14 as per Audited Accounts of Ahmedabad and Surat distribution area, is Rs. 5736.31 (3778.60 + 957.71) Crore.

### Commission's Analysis

The Commission has approved the generation cost of Ahmedabad Power Plant at Rs. 1080.49 Crore in the truing up for FY 2013-14. On a query from the Commission regarding mismatch between power purchase cost details related to SUGEN submitted under FPPPA and the petition, TPL vide it's e-mail dated 15.03.2015 clarified that a provision of Rs. 2.14 Crore was made towards LTOA charges in the power purchase cost of SUGEN submitted in the petition. The Commission disallows the provisional amount of Rs. 2.14 Crore as power purchase cost of SUGEN in True-up of FY 2013-14 and the same shall be considered at the time of actual payment. The power purchase cost approved by the Commission is as detailed in the Table below:

**Table 4.7 (b): Power Purchase Cost as approved in MYT Order and approved for TPL-D in the Truing up for FY 2013-14**

(Rs. Crore)			
Sl. No.	Energy Sources	As per MYT Order	Approved in the truing up for FY 2013-14
1	TPL-G (APP)	1172.32	1080.49
2	TPL-G (SUGEN)	2034.93	2106.87
3	SUGEN Expansion + DGEN	235.58	-
4	Bilateral	389.81	1687.79
5	Power Exchange	285.90	344.27
6	Renewable Energy	399.02	68.09
7	REC	-	56.93
8	<b>Total</b>	<b>4517.56</b>	<b>5344.44</b>



As shown above, the Commission approves the total power purchase cost of Rs. 5344.44 Crore for the procurement of total energy of 10102.27 MU for TPL-D. Hence, the per unit power purchase cost works out to Rs. 5.2903 / kWh. As the Commission has approved the energy requirement of 6694.98 MU for the Ahmedabad distribution area, the power purchase cost for Ahmedabad distribution area is computed as Rs. 3541.87 Crore.

**The Commission, accordingly, approves the total power purchase cost of Rs. 3514.87 Crore, for TPL-(D) Ahmedabad supply area during FY 2013-14 for Truing up.**

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

##### **Petitioner's Submission**

TPL has computed the gain due to reduction in distribution loss for Ahmedabad area at Rs. 58.32 Crore, as given in the Petition, on account of reduction in distribution losses.

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

<b>Particulars</b>	<b>Unit</b>		<b>Actuals</b>
Energy Sales	MU	(a)	6069.62
Setoff wheeled energy	MU	(b)	389.21
Unit recovered as Loss	MU	(c)	14.33
Total Energy supplied	MU	(d)=(a)+(b)	6458.83
MYT approved Distribution Loss	%	(e)	8.50%
Energy required at distribution level as per MYT approved Loss	MU	(f)=(d)/(1-(e))	7058.83
Normative energy required at distribution level at MYT approved Loss	MU	(g)=(f)-(b)	6669.62
Actual Energy Purchased at distribution level	MU	(h)	6545.34
Reduction in energy requirement	MU	(i)=(g)-(h)-(c)	109.96
Power Purchase Cost	Rs./Unit	(j)	5.30
<b>Savings due to improvement in Distribution Loss</b>	<b>Rs. Crore</b>	<b>(k)=(i)*(j)/10</b>	<b>58.32</b>

##### **Commission's Analysis**

The Commission has approved distribution loss at 8.50% in the MYT Order, whereas TPL has claimed the actual distribution loss at 7.27% for FY 2013-14.

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

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

Particulars	Unit		Actuals
Energy Sales	MU	(a)	6069.62
Setoff wheeled energy	MU	(b)	389.21
Unit recovered as Loss	MU	(c)	14.33
Total Energy supplied	MU	(d)=(a)+(b)	6458.33
MYT approved Distribution Loss	%	(e)	8.50%
Energy required at distribution level as per MYT approved Loss	MU	(f)=(d)/(1-(e))	7058.83
Normative energy required at distribution level at MYT approved Loss	MU	(g)=(f)-(b)	6669.62
Actual Energy Purchased at distribution level	MU	(h)	6545.34
Reduction in energy requirement	MU	(i)=(g)-(h)-(c)	109.96
Power Purchase Cost	Rs./Unit	(j)	5.2903
<b>Savings due to improvement in Distribution Loss</b>	<b>Rs. Crore</b>	<b>(k)=(i)*(j)/10</b>	<b>58.17</b>

The total power purchase cost and gains/(losses) considered in the truing up for FY 2013-14 are summarised below:

**Table 4.10: Power Purchase cost and Gains / (Losses) approved in Truing up for FY 2013-14**

(Rs. Crore)					
Particulars	Approved for FY 2013-14 in MYT order	Approved in Truing up for FY 2013-14	Deviation + / (-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Power Purchase Cost	2854.87	3541.87	(687.00)	58.17	(745.17)

## 4.5 Fixed Charges

### 4.5.1 Operations and Maintenance (O&M) Expenses

TPL has claimed Rs. 232.79 Crore as O&M expenses as against the composite O&M expenses of Rs. 215.99 Crore approved for FY 2013-14 in the MYT Order as detailed in the Table below:

**Table 4.11: O&M Expenses of Ahmedabad Supply Area Projected for FY 2013-14**

(Rs. Crore)			
Sl. No.	Particulars	Approved for FY 2013-14 in MYT order	Actual claimed in Truing up for FY 2013-14
1	O&M Expenses	215.99	232.79

### Petitioner's Submission

TPL has submitted that the actual O&M expenses of Ahmedabad supply area have exceeded the approved value mainly due to change in law and factors beyond



control of the Petitioner. With regard to Employee Expenses, it is submitted that that some employees were transferred from TPL-G (APP) to TPL-D (A) in order to optimise the overall cost and based on the skillset after approval of ARR in MYT. Therefore, the Employee expenses of the Petitioner are higher. In A&G Expenses, the increase in Security Expenses is due to change in law in as much as minimum wages have been increased by the Government and increase in Vehicle Expenses are mainly due to increase in fuel price by the Government and hence as such on account of factors beyond the control of the Petitioner.

The Petitioner has further submitted that ideally the variation in O&M expense on account of change in law and factors beyond the control should be considered as uncontrollable and the Commission should allow to pass on the impact. However, in the present petition, the Petitioner has considered the entire O&M expenses as controllable for sharing of gains/losses.

#### **Commission's Analysis**

TPL has submitted the actual O&M Expenses at Rs. 232.79 Crore in the Truing up for FY 2013-14. The O&M Expenses as per audited accounts for FY 2013-14 are Rs. 272.01 Crore.

These O&M Expenses include Rs. 39.22 Crore relating to prompt payment discount (Rs. 28.74 Crore), Donation (Rs. 2.25 Crore), Bad Debts written off (Rs. 4.68 Crore) and provision for bad debts (Rs. 3.55 Crore). Thus the net O&M Expenses are Rs. 232.79 (272.01-39.22) Crore.

**The Commission, accordingly, approves the O&M expenses of Rs. 232.79 Crore, as claimed by the petitioner for truing up for FY 2013-14.**

The O&M expenses and the Gains/(Losses) approved in the truing up for FY 2013-14 are given in the Table below:

**Table 4.12: O&M Expenses and Gains / (Losses) approved in Truing up for FY 2013-14 (Rs. Crore)**

Particulars	Approved for FY 2013-14 in MYT order	Approved in Truing up for FY 2013-14	Deviation + / (-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
O&M Expenses	215.99	232.79	(16.80)	(16.80)	-





#### **4.5.2 Capital Expenditure, Capitalisation and Sources of Funding**

TPL has furnished the actual capital expenditure at Rs. 244.77 Crore in the truing up for FY 2013-14, as against Rs. 321.99 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

**Table 4.13: Capital Expenditure Claimed by TPL-D, Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Approved for FY 2013-14 in the MYT Order</b>	<b>Actual claimed in Truing up for FY 2013-14</b>
1	EHV	147.15	93.86
2	HT Network	85.12	73.03
3	LT Network	41.18	59.49
4	Metering	21.41	13.58
5	Special Projects and related	7.17	-
6	IT & related	5.16	3.90
7	Admin. & Others expenditure	14.80	0.91
<b>8</b>	<b>Total</b>	<b>321.99</b>	<b>244.77</b>

#### **Capital Expenditure**

##### **Petitioner's Submission**

TPL has submitted that the Commission in its order in Case No. 1092/2011 has approved capital expenditure of Rs. 321.99 Crore for FY 2013-14. The Commission had also allowed the Petitioner to incur capital expenditure on Special Initiatives on Safety and to claim the same at the time of truing up. However, due to acute financial situations and unrecovered costs, the Petitioner curtailed the expenditure towards Safety for the year and deferred the capex under the other heads to the future years.

The capital expenditure incurred by Ahmedabad Supply Area in FY 2013-14 is Rs. 244.77 Crore which is lower than the approved value. TPL has indicated the major variances in the actual expenditure against the approval as detailed below:

- a. EHV – In order to optimise the cost and considering the network loading conditions, the Petitioner is in the process of upgrading the existing 220 KV Nicol-2 substation to 400 KV and has deferred the project of establishing the 400 KV substation at Gota beyond the control period. Accordingly the associated expenditure of EHV transmission, EHV substation has also been deferred. Whereas, expenditure for major work of upgrading 220 KV Nicol-2 substation to 400 KV along with EHV lines and EHV substation has been incurred.





The project for upgradation of 66 KV Sabarmati-Gandhinagar line to 132 KV, uprating of 132 KV New Pirana – Nicol 2 line and uprating of 132 KV Nicol-2 to Nicol-1 line initiated in FY 2012-13 was continued in FY 2013-14 and will be completed in FY 2014-15.

In order to curtail the expenditure, the major expenditure for FY 2013-14 regarding 132 KV interconnection between Dudheshwar and Pirana & 400 KV Vadavi-Gota have been deferred beyond the control period. Further, the major expenditure proposed for EHV substation at Lambha and Motera have also been deferred.

Considering the restriction on capex, the 33 KV substations at Electronic SEZ Gandhinagar, Shahwadi, CTM, Ashram Road and Mother Dairy planned in FY 2013-14 have been deferred to future years whereas capex has been incurred for 33 KV substations at Civil Hospital, Cancer Hospital, Gujarat University, Sumel S/s, Titanium S/s and New High court based on load growth in these areas.

The Petitioner incurred expenditure on replacement of old switchgear /breaker under the head of renovation and replacement on need basis. The expenditure planned for upgradation, support infrastructure and automation was deferred due to restriction in capex.

- b. HT – The Commission had approved the capital expenditure of Rs. 85.12 Crore for HT network. In this regard, the Petitioner has incurred the expenditure of Rs. 73.03 Crore. The major variation is on account of:

- Lower capex incurred for new substation and transformer replacement due to restriction in capex on account of fund constraint.
- Expenditure incurred for the New HT consumers namely Arvind mill, Perfect Metal, Sachivalaya project and IIT.
- Expenditure incurred towards creation of 11 kV network to cater to the load growth at Mahatma Mandir, Gandhinagar and surrounding areas.
- Expenditure incurred for reactive power compensation for better reliability of system and capex incurred for safety on need basis.

- c. LT – The Commission had approved the capital expenditure of Rs. 41.18 Crore for LT network. However, the actual expenditure was Rs. 59.49 Crore due to

increase in new connections based on higher growth in areas such as Gota, Makarba, Naroda, Vatva and Vastral. Also the cost per service increased primarily due to increase in Road Opening (RO) charges and increase in the material and labour cost.

- d. Metering – The Commission had approved capital expenditure pertaining to Metering of Rs. 21.41 Crore. However, the actual expenditure was lower as the Petitioner utilized the extra meters recovered from site due to implementation of single meter single premises concept as per Commission's order.
- e. Others – The capex incurred for Special Projects was lower due to deferment of part of GIS project. The capex under the head of IT had been incurred towards SAP. Whereas, the major capex planned for Admin towards power supply centres including civil work was deferred.

### **Commission's Analysis**

The Commission observed that the petitioner has incurred capital expenditure of Rs. 244.77 Crore, as against Rs. 321.99 Crore considered by the Commission in the MYT order for FY 2013-14. The Commission would like to highlight that the unrealistic capital expenditure projections made by TPL in the past has impacted the overall ARR of TPL. The Commission reiterates that the petitioner should prepare an optimum capital expenditure plan, along with proper timelines, for the ensuing years to ensure that ARR is not inflated by front loading the unrealistic CAPEX and cost of capital.

### **Capitalisation**

#### **Petitioner's Submission**

TPL has claimed a sum of Rs. 230.49 Crore towards capitalisation, as against the actual capital expenditure of Rs. 244.77 Crore.

#### **Commission's Analysis**

The net addition of assets during FY 2013-14 is Rs. 216.87 Crore, as verified from the audited accounts of TPL-Ahmedabad for the FY 2013-14.

The Commission observed that the petitioner has capitalised a lower amount, as against that considered by the Commission in the MYT Order for FY 2013-14. The

Commission noticed that the actual capitalisation claimed by TPL in the previous years were also lower than those approved by the Commission.

**The Commission approves the net capitalisation at Rs. 216.87 Crore in the truing up for FY 2013-14.**

### **Funding of CAPEX**

#### **Petitioner's Submission**

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

**Table 4.14: Capitalisation for Ahmedabad Supply Area in FY 2013-14**

		(Rs. Crore)
Particulars		Actual
Opening GFA	(a)	3043.52
Addition to GFA	(b)	230.49
Deletion to GFA	(c)	13.63
Closing GFA	(d)=(a)+(b)-(c)	3260.38
SL Contribution	(e)	72.68
Capitalisation for Debt	(f)=(b)-(e))	157.81
Capitalisation for Equity	(g)=(b)-(c)-(e))	144.18
Normative debt @70%	(h)=(f)*70%	110.47
Normative Equity @30%	(i)=(g)*30%	43.25

#### **Commission's Analysis**

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

**Table 4.15: Approved Capitalization and Sources of Funding for FY 2013-14**

		(Rs. Crore)	
Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14
1	Capital Expenditure	806.99	244.77
2	Capitalisation During the year(net)	321.99	216.87
3	Less: SLC	54.55	72.68
4	Balance Capitalisation	267.44	144.19
5	Normative Debt @ 70%	187.21	100.93
6	Normative Equity @ 30%	80.23	43.26

### **4.5.3 Depreciation**

TPL has claimed a sum of Rs. 108.82 Crore towards depreciation in the truing up for FY 2013-14, as against Rs. 173.10 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:



**Table 4.16: Depreciation Claimed by TPL-D Ahmedabad for FY 2013-14**

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Depreciation	173.10	108.82

#### **Petitioner's Submission**

TPL has submitted that the depreciation rates, as per CERC (Terms and Conditions of Tariff) Regulations, 2004, are applied on the opening GFA of FY 2009-10 and for addition of assets from 1<sup>st</sup> April, 2009 onwards, the depreciation has been computed at rates specified in Appendix III to the CERC (Terms and Conditions of Tariff) Regulations, 2009. TPL has claimed depreciation as an uncontrollable item.

#### **Commission's Analysis**

The Petitioner has computed the depreciation for FY 2013-14, by applying GERC depreciation rates, asset classification-wise. The details of opening balance of assets, as on 1<sup>st</sup> April, 2013, addition and deduction to the Gross Block, during FY 2013-14, and the depreciation on the assets, asset classification-wise, are given in the Petition. The Commission has considered the opening and closing balance from the audited accounts for FY 2013-14 for computation of depreciation.

**The Commission, accordingly, approves the depreciation of Rs. 108.82 Crore in the truing up for FY 2013-14.**

As noted in Para 4.5.4 below, 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 2013-14, as detailed in the Table below:

**Table 4.17: Depreciation and Gains / (Losses) due to Depreciation Approved in the Truing up for FY 2013-14**

(Rs. Crore)

Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Depreciation	173.10	108.82	64.28	-	64.28



#### 4.5.4 Interest expenses

TPL has claimed a sum of Rs. 65.10 Crore towards actual interest expenses in the truing up for FY 2013-14, as against Rs. 130.95 Crore approved in the MYT Order for FY 2013-14 as detailed in the Table below:

**Table 4.18: Interest Claimed in the Truing up for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Interest expenses	130.95	65.10

#### Petitioner's Submission

The Petitioner has submitted that the GERC (MYT) Regulations, 2011 provide for the calculation of interest expenses on normative basis considering the amount of depreciation of assets created as the amount of repayment.

The Petitioner has considered the interest expenses as per the GERC (MYT) Regulations, 2011 on normative loans. The Petitioner has calculated the interest expenses by applying the opening Weighted Average Rate of interest of the actual loan portfolio of the Petitioner at the beginning of the year (i.e. 01.04.2013) on the loan component while repayment has been considered equal to the depreciation of the assets for the year.

The eligible interest expenses for FY 2013-14 are shown in the table below.

**Table 4.19: Interest Expenses claimed for Ahmedabad Supply Area for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars	Actual claimed in truing up for FY 2013-14
1	Capitalisation during the year	230.49
2	Less: SLC additions	72.68
3	Normative Debt @ 70%	110.47
4	Opening Balance	556.84
5	Repayments	108.82
6	New Borrowings	110.47
7	Closing Balance	558.48
8	<b>Interest Expense @ 11.44%</b>	<b>63.77</b>
9	Other Borrowing Cost	1.33
10	<b>Total Interest Expenses</b>	<b>65.10</b>

#### Commission's Analysis

The existing loan outstanding as on 01/04/2013 has been verified and found to be correct.



The additional loan is of Rs. 100.93 Crore, in accordance with the requirements of capitalisation and source of funding as approved in Table 4.15 above.

GERC (MYT) Regulations, 2011, provide for computation of interest on loan on normative basis, based on the opening balance of loan brought forward from the previous year's closing balance and the capitalisation and approved funding thereon. The opening balance of loan for FY 2013-14 has been brought forward from the closing balance of the actual loan outstanding as on 31.03.2013. As per GERC (MYT) Regulations, 2011, repayment of the loan is considered equal to the depreciation allowed and the rate of interest of 11.44% is considered as the Wt. Avg. rate of interest calculated on the basis of actual loan portfolio at the beginning of the FY 2013-14. The other borrowing cost, as per audited accounts, is Rs. 1.33 Crore for FY 2013-14. The Commission has recomputed the interest on loan for FY 2013-14, as detailed in the Table below:

**Table 4.20: Interest Approved by the Commission in the Truing up for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars	Approved by the Commission for FY 2013-14
1	Opening Loan	556.84
2	New loans During the Year	100.93
3	Repayment During the Year	108.82
4	Closing Loan	548.95
5	Average Loan	552.90
6	Rate of Interest	11.44%
7	Interest	63.25
8	Other Borrowing Costs	1.33
9	Total Interest and Finance Charges	64.58

**The Commission, accordingly, approves the interest and finance charges of Rs. 64.58 Crore in the truing up for FY 2013-14.**

With regard to the computation of Gains/(Losses), Regulation 23.2 considers variation in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of capital expenditure project, not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. If the gain is on account of lesser capital expenditure and capitalisation, it cannot be attributed to the efficiency of the utility to allow 2/3<sup>rd</sup> of gain to the utility. Similarly, if the loss is on account of more capital expenditure and capitalisation due to bonafide reasons, the utility cannot be penalised by allowing only 1/3<sup>rd</sup> of the loss in the ARR. Accordingly, the Commission decides to consider variation in capitalisation as uncontrollable. Hence, the components of ARR related



to capitalisation, like interest and finance charges, depreciation and return on equity are considered as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of interest and finance charges in the truing up for FY 2013-14, as detailed in the Table below:

**Table 4.21: Gains / (Losses) Approved in the Truing up for FY 2013-14**  
**(Rs. Crore)**

Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Interest on Loans	130.95	64.58	66.37	-	66.37

#### 4.5.5 Interest on Working Capital

TPL has claimed Nil amount towards interest on working capital, as against Rs. 7.84 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

**Table 4.22: Interest on Working Capital Claimed by for TPL-D Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	O&M Expenses for 1 Month	18.00	19.40
2	1% of GFA for Maintenance Spares	37.55	30.44
3	Receivables for 1 Month	263.70	310.84
4	Less: Security Deposit	252.52	383.14
5	Normative Working Capital	66.73	(22.47)
6	Interest Rate	11.75%	14.45%
7	Interest on Working Capital	7.84	-

#### Petitioner's Submission

TPL has submitted that the interest on working capital has been computed @ 14.45%, in accordance with the GERC (MYT) Regulations, 2011 and the requirement worked out to be negative and hence not claimed the interest on working capital in the truing up.

#### Commission's Analysis

The Commission has examined the interest on working capital claimed by TPL for FY 2013-14. The Commission has observed that TPL has worked out the interest on working capital, considering 14.45% as the SBAR as on 01.04.2013. The Commission, while truing up for FY 2011-12, decided to consider the rate (SBAR)





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prevailing as on 1<sup>st</sup> April of the financial year for which Truing up is being done. The SBAR as on 1<sup>st</sup> April, 2013 was 14.45%. The Commission, accordingly, takes into consideration the SBAR of 14.45% in computation of interest on working capital for FY 2013-14.

While computing the working capital, TPL has reduced the working capital by considering amount of security deposit for which interest is paid to the consumers. The Commission has reduced the working capital, by considering the average security deposit of Rs. 383.14 Crore for FY 2013-14 as per audited accounts.

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

**Table 4.23: Interest on Working Capital Approved for FY 2013-14**

(Rs. Crore)			
Sl. No.	Particulars	Actual claimed in Truing up for FY 2013-14	Approved in Truing up for FY 2013-14
1	O&M Expenses for 1 Month	19.40	19.40
2	1% of Opening GFA for Maintenance Spares	30.44	30.44
3	Receivables for 1 Month	310.84	310.84
4	Less: Security Deposit (Avg.)	383.14	383.14
5	Normative Working Capital	(22.47)	(22.46)
6	Interest Rate	14.45%	14.45%
7	Interest on working Capital	-	-

**The Commission, accordingly, approves the interest on working capital as Nil in the truing up for FY 2013-14, as detailed in the above Table.**

The deviation is Rs. 7.84 Crore, which is assessed as a gain. The Commission considers the interest on working capital as uncontrollable, since the components contributing for working capital are mostly uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of interest on working capital in the truing up for FY 2013-14, as detailed in the Table below:

**Table 4.24: Interest on Working Capital Approved for FY 2013-14**

(Rs. Crore)					
Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) Due to Uncontrollable Factors
Interest on Working Capital	7.84		7.84	-	7.84





#### **4.5.6 Interest on Security Deposit**

TPL has claimed a sum of Rs. 30.44 Crore towards interest on security deposit in the truing up for FY 2013-14, as against Rs. 15.95 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

**Table 4.25: Interest on Security Deposit Claimed for TPL-D, Ahmedabad for FY 2013-14 (Rs. Crore)**

Sl. No.	Particulars	Approved for FY 2012-13 in the MYT Order	Actual claimed in Truing up for FY 2012-13
1	Interest Rate	6%	8.5%
2	Interest on Security Deposit	15.95	30.44

#### **Petitioner's Submission**

TPL has submitted that the actual interest expense on the security deposit is higher than that approved in the MYT Order, since the actual security deposit during FY 2013-14 was higher than the estimates. TPL has further submitted that the variation in interest on security deposit is uncontrollable.

#### **Commission's Analysis**

The Commission has verified the actual interest on security deposit with the audited accounts and found that the actual interest is Rs. 30.44 Crore.

**The Commission, accordingly, approves the interest on security deposit at Rs. 30.44 Crore in the truing up for FY 2013-14.**

The deviation of Rs. 14.49 Crore is considered to be a loss on account of uncontrollable factors, as detailed in the Table below:

**Table 4.26: Approved Gains / (Losses) due to Interest Paid on Security Deposit in the Truing up for FY 2013-14**

(Rs. Crore)					
Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing up for FY 2012-13	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Interest on Security Deposit	15.95	30.44	(14.49)	-	(14.49)

#### **4.5.7 Bad debt written off**

TPL has claimed Rs. 1.50 Crore towards bad debts written off in the truing up for FY 2013-14, as against Rs. 1.09 Crore approved in the MYT order for FY 2013-14, as detailed in the Table below:

**Table 4.27: Bad Debts Written off Claimed for TPL-D Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

<b>Particulars</b>	<b>Approved for FY 2013-14 in the MYT Order</b>	<b>Actual claimed in Truing up for FY 2013-14</b>
Bad Debts Written off	1.09	1.50

#### **Petitioner's Submission**

The Petitioner has submitted that it has written off bad debts of Rs. 4.68 Crore during the year, whereas the recovery from bad debts during the FY 2013-14 is Rs. 3.18 Crore. The Petitioner has requested to consider net bad debts written off of Rs. 1.50 Crore (4.68 – 3.18) for FY 2013-14.

The Petitioner has further submitted that TPL is under obligation to supply electricity to whosoever applies for the same without verifying his capacity to pay / credit rating which is the main cause for amount becoming bad debt. Therefore, the bad debts written off and income, both should be considered as uncontrollable. In the last truing up order, the Commission has considered the variation in bad debts as controllable. Hence, in the present petition, the Petitioner has considered both elements related to bad debts i.e. expense and income as controllable. The Petitioner has requested to consider the same as uncontrollable.

#### **Commission's Analysis**

The Commission has verified the bad debts written off vis-à-vis the audited annual accounts for FY 2013-14 and found these to be Rs. 4.68 Crore.

Regarding TPL's request to consider bad debts written off and income from realisation of bad debts at a later date as uncontrollable is not acceptable. In this connection the Petitioner's attention is invited to the observation of the Commission in its order on Petition no. 1435 of 2014.

#### ***“(C) Treatment of Bad Debts:***

*The contention of the Petitioner that income on account of bad debt should be considered as controllable is not acceptable as the income received out of settlement*

*or otherwise of bad debt cannot be considered as controllable as it is an unexpected income and hence is uncontrollable.”*

**The Commission, accordingly, approves the bad debts written off as Rs. 4.68 Crore in the truing up for FY 2013-14.**

The Commission assessed the deviation in bad debts written off at Rs. 3.59 Crore as a loss and considered it as controllable item.

The Commission, accordingly, approves the Gains/(Losses) on account of bad debts written off in the truing up for FY 2013-14, as detailed below:

**Table 4.28: Bad Debts Written off and Gains / (Losses) Approved in the Truing up for FY 2013-14**

(Rs. Crore)					
Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Bad Debts written off	1.09	4.68	(3.59)	(3.59)	0.00

#### **4.5.8 Contingency Reserve**

##### **Petitioner’s Submission**

TPL has proposed the contingency reserve at Rs. 0.60 Crore in the truing up for FY 2013-14, which is the same as the one approved in the MYT Order for FY 2013-14, as detailed in the Table below:

**Table 4.29: Contingency Reserve claimed for TPL-D Ahmedabad for FY 2013-14**  
(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Contingency Reserve	0.60	0.60

##### **Commission’s Analysis**

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

**The Commission, accordingly, approves the contingency reserve of Rs. 0.60 Crore in the truing up for FY 2013-14 and also observes that there is no deviation in the contingency reserve.**



**Table 4.30: Contingency Reserve and Gains / (Losses) Approved in the Truing up for FY 2013-14**

(Rs. Crore)					
Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Contingency Reserve	0.60	0.60	-	-	-

#### 4.5.9 Prompt payment rebate

The Commission had approved an amount of Rs. 31.64 Crore towards Prompt Payment Rebate for FY 2013-14 in the MYT Order. The actual, as per audited annual accounts, is Rs. 28.74 Crore. TPL has excluded the Prompt Payment Rebate from the approved ARR, as well as Revenue. The Commission approves the actual Prompt Payment Rebate of Rs. 28.74 Crore as per annual accounts and considers the revenue, including the Prompt Payment Rebate.

The variance of Rs. 2.90 Crore is allowed as a deviation due to uncontrollable factors, as detailed below:

**Table 4.31: Prompt Payment Rebate and Gains / (Losses) Approved in the Truing up for FY 2013-14**

(Rs. Crore)					
Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable factors
Prompt Payment Rebate	31.64	28.74	2.90	-	2.90

#### 4.5.10 Return on Equity

TPL has claimed a sum of Rs. 151.53 Crore towards return on equity @ 14% in the truing up for FY 2013-14, as against Rs. 198.30 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

**Table 4.32: Return on Equity Claimed for TPL-D Ahmedabad for FY 2013-14**

(Rs. Crore)			
Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Opening Equity	1376.30	1060.70
2	Equity Addition During the Year	80.23	43.25
3	Closing Equity During the Year	1456.53	1103.95
4	Average of Opening and Closing	1416.42	1082.32
5	<b>Return on Equity</b>	<b>198.30</b>	<b>151.53</b>



### **Petitioner's Submission**

TPL has submitted that the closing balance of equity has been arrived at by considering additional equity of 30% of the capitalisation during the year. The return on equity has been computed by applying a rate of 14% on the average of the opening and closing balance of equity for FY 2013-14.

### **Commission's Analysis**

The opening equity for FY 2013-14 is as per the closing equity for FY 2012-13 approved in the True-up for FY 2012-13. TPL has followed the same methodology, while computing the Return on Equity for FY 2013-14.

**The Commission, accordingly, approves the return on equity as Rs. 151.53 Crore in the truing up for FY 2013-14, as given in the Table below:**

**Table 4.33: Return on Equity Approved for TPL-D Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars	Actual claimed in Truing up for FY 2013-14	Approved in Truing for FY 2013-14
1	Opening Equity	1060.70	1060.70
2	Equity Addition During the Year	43.25	43.26
3	Closing Equity During the Year	1103.95	1103.96
4	Average Equity	1082.32	1082.33
5	Return on Equity @ 14%	<b>151.53</b>	<b>151.53</b>

As noted in Para 4.5.4 above, the Commission is of the view that the Return on Equity should be treated as uncontrollable.

**The Commission, accordingly, approves the Gains/(Losses) on account of return on equity in the truing up for FY 2013-14 as detailed below:**

**Table 4.34: Return on Equity and Gains / (Losses) Approved in the Truing up for FY 2013-14**

<b>(Rs. Crore)</b>					
Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Return on Equity	198.30	151.53	46.77	-	46.77



#### **4.5.11 Income Tax**

##### **Petitioner's Submission**

TPL has not claimed any amount towards income tax in the truing up for FY 2013-14, against Rs. 8.52 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

**Table 4.35: Income Tax Claimed by TPL-D Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Income Tax	8.52	Nil

##### **Commission's Analysis**

TPL has not claimed any income tax for FY 2013-14, since there was a loss, as per certified financial statement of Ahmedabad Supply Area.

**The Commission, accordingly, approves the income tax as Nil in the truing up for FY 2013-14.**

The Commission has treated income tax as an uncontrollable expense and, accordingly, approved the Gains/(Losses) on account of income tax in the truing up for FY 2013-14, as detailed in the Table below:

**Table 4.36: Income tax and Gains / (Losses) due to Income tax Approved in the Truing up for FY 2013-14**  
**(Rs. Crore)**

Particulars	Approved for FY 2013-14 in MYT order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
Income Tax	8.52	0	8.52	-	8.52

#### **4.5.12 Non-Tariff income**

TPL has furnished the non-tariff income at Rs. 87.55 Crore in the truing up for FY 2013-14, as against Rs. 54.84 Crore approved in the MYT order for FY 2013-14, as detailed in the Table below:

**Table 4.37: Non-Tariff income Claimed for TPL-D Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
Non-Tariff Income	54.84	87.55



### **Petitioner's Submission**

The Petitioner has submitted that the actual non-tariff income for FY 2013-14 was Rs. 87.55 Crore. The Petitioner has further submitted that it includes the income of Rs. 1.70 Crore pertaining to contingency reserve for FY 2008-09 to FY 2010-11 as per the Commission's observation based on the 3<sup>rd</sup> party Audit report. The income from insurance claim receipt has been considered as part of the O&M expenses. The variation is mainly on account of increase in realisation through Meter rent and other miscellaneous income.

### **Commission's Analysis**

The Commission has verified the non-tariff income with the audited accounts for FY 2013-14 and found it to be Rs. 90.73 Crore.

**The Commission, accordingly, approves the non-tariff income at Rs. 90.73 Crore in the truing up for FY 2013-14, as per audited annual accounts.**

The deviation in non-tariff income at Rs. 35.89 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 2013-14, as detailed below:

**Table 4.38: Non-Tariff Income and Gains / (Losses) Approved in the Truing up for FY 2013-14**

(Rs. Crore)					
Particulars	Approved for FY 2013-14 in MYT order	Approved in Truing up for FY 2013-14	Deviation +/-	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Non-Tariff Income	54.84	90.73	(35.89)	-	(35.89)

### **4.5.13 Revenue from Sale of Power**

#### **Petitioner's Submission**

TPL has furnished the revenue from sale of power at Rs. 3730.04 Crore in the truing up for FY 2013-14, as against Rs. 3164.37 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:



**Table 4.39: Revenue with Existing Tariff Claimed for TPL-D Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Revenue from Existing Tariff	3164.37	3730.04

#### **Commission's Analysis**

TPL has presented the revenue from sale of energy at Rs. 3730.04 Crore in Note 15 of audited annual accounts by deducting prompt payment rebate. As noted in Para 4.5.9 above, TPL has excluded the prompt payment rebate from the approved ARR, as well as revenue. However, the Commission has taken into consideration the prompt payment rebate of Rs. 28.74 Crore mentioned in Note 18 of the audited annual accounts. Since prompt payment rebate is considered as expenditure in the ARR, the Commission considers the gross revenue at Rs. 3758.78 (3730.04 + 28.74) Crore in the truing up for FY 2013-14.

**The Commission, accordingly, approves the revenue from sale of power at Rs. 3758.78 Crore in the truing up for FY 2013-14.**

#### **4.5.14 Gains/(Losses) Under Truing up for FY 2013-14**

The Commission has reviewed the performance of TPL-D Ahmedabad Supply Area under Regulation 22 of GERC (MYT) Regulations, 2011, with reference to the audited annual accounts for FY 2013-14. The Commission has computed the Gains/(Losses) for FY 2013-14, 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 6<sup>th</sup> September, 2011 and the actuals claimed in truing up, approved for truing up, Gains/(Losses) computed in accordance with the GERC (MYT) Regulations, 2011 are as given in the Table below:



**Torrent Power Limited – Distribution, Ahmedabad**  
**Truing up for FY 2013-14 and**  
**Determination of Tariff for FY 2015-16**

**Table 4.40: ARR Approved in Respect of TPL-D Ahmedabad in the Truing up or FY 2013-14**

							(Rs. Crore)
Sl. No.	Annual Revenue Requirement	Approved for FY 2013-14 in MYT order	Claimed in Truing up for FY 2013-14	Approved in Truing up for 2013-14	Deviation +/-	Gains/ (Losses) due to controllable factors	Gains/ (Losses) due to uncontrollable factors
1	2	3	4	5	6=(3-5)	7	8
1	Power purchase Cost	2854.87	3530.38	3541.87	(687.00)	58.17	(745.17)
2	Operations and Maintenance expenses	215.99	232.79	232.79	(16.80)	(16.80)	0.00
3	Depreciation	173.10	108.82	108.82	64.28		64.28
4	Interest on Loans	130.95	65.10	64.58	66.37		66.37
5	Interest on Security Deposit	15.95	30.44	30.44	(14.49)		(14.49)
6	Interest on working capital	7.84	0.00	0.00	7.84		7.84
7	Bad Debts	1.09	1.50	4.68	(3.59)	(3.59)	0.00
8	Contingency Reserve	0.60	0.60	0.60	0.00		0.00
9	Prompt payment rebate	31.64		28.74	2.90		2.90
10	Return on equity	198.30	151.53	151.53	46.77		46.77
11	Income Tax	8.52	0.00	0.00	8.52		8.52
13	Less: Non-Tariff income	54.84	87.55	90.73	(35.89)		(35.89)
14	<b>Aggregate Revenue Requirement</b>	<b>3584.01</b>	<b>4033.62</b>	<b>4073.32</b>	<b>(489.31)</b>	<b>37.78</b>	<b>(527.08)</b>

\*Figures of MYT Order for FY 2013-14 have been revised based on the Commission's Order dated 18<sup>th</sup> July, 2014.

#### **4.5.15 Sharing of Gains/(Losses) for FY 2013-14**

The Commission has analysed the Gains/(Losses) on account of controllable and uncontrollable factors.

The relevant Regulations are extracted below:

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

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

*24.2 The Generating Company, or Transmission Licensee or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and figures approved by the Commission, in the prescribed format to the*



*Commission, along with detailed computations and supporting documents as may be required for verification by the Commission.*

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

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

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

*One-third of the amount of such gain shall be passed on as a rebate in Tariffs over such period as may be specified in the Order of the Commission under Regulation 22.6;*

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

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

*One-third of the amount of such loss may be passed on as an additional charge in Tariffs over such period as may be specified in the Order of the Commission under Regulation 22.6; and*

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

The trued up ARR for FY 2013-14 as claimed by TPL-D Ahmedabad and as approved by the Commission is summarized in Table below:

**Torrent Power Limited – Distribution, Ahmedabad**  
**Truing up for FY 2013-14 and**  
**Determination of Tariff for FY 2015-16**

**Table 4.41: Trued up ARR incl. Gains/(Losses) for TPL-D Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars		Claimed in Truing up for FY 2013-14	Approved in Truing up for FY 2013-14
1	ARR, as per MYT Order	(a)	3,552.36	3584.01
2	Gains/(Losses) due to Uncontrollable Factors	(b)	(522.37)	(527.08)
3	Gains/(Losses) due to Controllable Factors	(c)	41.12	37.78
4	Pass through as tariff	d= -(1/3rd of c+ b)	508.66	514.49
5	ARR True- up	e=a+d	4,061.03	4098.50

TPL has shown a revenue gap of Rs. 438.06 Crore in the truing up for FY 2013-14. TPL has included an amount of Rs. 107.16 Crore towards earlier years gap as per the Hon'ble APTEL judgment dated 30.05.2014. However, it is observed that the amount of Rs. 107.16 Crore consists of earlier period (FY 2007-08 to FY 2009-10) gap of Rs. 68.90 Crore and gap of Rs. 38.26 Crore towards delay in filing the petition for FY 2011-12. The gap of Rs. 68.90 Crore was already addressed by the Commission in the calculation of tariff for FY 2013-14 in Tariff Order dated 16.04.2013, and hence an amount of Rs. 38.26 Crore is added in the true-up for FY 2013-14. The Commission has given the effect of APTEL judgement dated 30.05.2014 vide its consequential order dated 24.03.2015.

The revenue gap claimed and approved for Ahmedabad supply area for FY 2013-14 are detailed in the Table below:

**Table 4.42: Revenue Gap for TPL-D Ahmedabad for FY 2013-14**  
**(Rs. Crore)**

Sl. No.	Particulars	Claimed in Truing up for FY 2013-14	Approved in Truing up for FY 2013-14
1	Annual Revenue requirement	4061.03	4098.50
2	Less: Audit Adjustments for FY 2010-11	0.08	0.08
3	Total Trued Up ARR for FY 2013-14	4060.94	4098.42
4	Add: Previous years gap as per Commission's order dated 24.03.2014 on APTEL Judgement dtd. 30.05.2014	107.16	38.26
5	<b>Total Trued up ARR for FY 2013-14 (3+4)</b>	<b>4168.10</b>	<b>4136.68</b>
6	Revenue from Sale of Energy	3730.04	3758.78
7	<b>Gap/(Surplus)</b>	<b>438.06</b>	<b>377.90</b>

Accordingly, the Commission now considers the true-up gap of Rs. 377.90 Crore for FY 2013-14 for determination of tariff for FY 2015-16.



## 5. Determination of Tariff for FY 2015-16

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### 5.1 Introduction

This chapter deals with the determination of revenue gap/surplus, as well as consumer tariff for the FY 2015-16 for TPL-D. The Commission has considered the ARR approved in the Mid-term Review for FY 2015-16 and the adjustment on account of True-up for FY 2013-14, while determining the revenue gap/surplus for FY 2015-16.

### 5.2 Approved ARR for FY 2015-16

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 2015-16. Detailed analysis of each expense head has already been provided in the Mid-term Review.

**Table 5.1: Approved ARR for FY 2015-16**

(Rs. Crore)		
Sl. No.	Particulars	Approved in the Mid-term Review
1	Power Purchase Cost	3994.31
2	Operations and Maintenance Expenses	242.10
3	Depreciation	117.71
4	Interest on Loans	52.83
5	Interest on working Capital	0.00
6	Interest on Security Deposit	42.59
7	Bad debts Written off	1.50
8	Contingency Reserve	0.60
9	Prompt Payment Rebate	30.36
10	Return on equity	163.93
11	Income Tax	0.00
12	<b>Total Expenditure</b>	<b>4645.93</b>
13	Less: Non-Tariff income	88.10
14	<b>Aggregate Revenue Requirement</b>	<b>4557.83</b>

### 5.3 Projected Revenue from existing tariff for FY 2015-16

TPL-D has projected the Revenue from sale of power as Rs. 4686.52 Crore for FY 2015-16 with existing Tariff, including FPPPA of Rs. 1.23 per kWh as given in the Table below:

**Table 5.2: Revenue Gap submitted for Determination of Tariff of Ahmedabad Supply Area for FY 2015-16**

Particulars	(Rs. Crore) TPL-D (A)
Revised ARR	4527.47
Less:	
-Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	4686.52
<b>Net Gap/(Surplus)</b>	<b>(159.05)</b>

### Commission's Analysis

The Commission has reviewed the sales projected in the Mid-term Review and approved the sales of 7483.45 MU in the Mid-term Review. The Commission has recomputed the sales revenue, based on the sales approved in the Mid-term Review and applying FPPPA @ Rs. 1.23 per kWh, as detailed in the Table below:

The Revenue, as approved for FY 2015-16 in the MYT Order, and approved by the Commission in the Mid-term Review are given in the Table below:

**Table 5.3: Approved Sales and Category-Wise Revenue for FY 2015-16**

Sl. No	Particulars	Projected by TPL		Approved by the Commission	
		MU	(Rs. Crore)	MU	(Rs. Crore)
1	RGP	2438.96	1290.58	2438.96	1290.58
2	BPL	9.79	4.28	9.79	4.28
3	Non-RGP	1015.22	660.30	1015.22	660.30
4	LTMD-1	170.08	108.59	170.08	108.59
5	LTMD-2	1683.59	1154.41	1683.59	1154.41
6	HTMD-1	1968.49	1343.76	1968.49	1343.76
7	HTMD-2	112.39	78.90	112.39	78.90
8	Agriculture	8.11	3.64	8.11	3.64
9	GLP	14.10	8.20	14.10	8.20
10	Temp-LT	1.47	1.34	1.47	1.34
11	Temp-HT	0.11	0.19	0.11	0.19
12	SL	61.14	32.33	61.14	32.33
<b>13</b>	<b>Total</b>	<b>7483.45</b>	<b>4686.52</b>	<b>7483.45</b>	<b>4686.52</b>

### 5.4 Estimated Revenue and Revenue Gap/(Surplus) for FY 2015-16

The Commission has considered the total category-wise sales, as approved in the Mid-term Review Order and applied the existing tariff on the approved sales for each category of consumers. The revenue from sale of power, computed by the Commission at existing tariff, is Rs. 4686.52 Crore including FPPPA. The FPPPA rate has been considered at Rs. 1.23 per unit. The revenue from sale of power is Rs. 4686.52 Crore net off prompt payment rebate of Rs. 38.24 Crore. The total revenue is considered at Rs. 4724.76 Crore. The Commission also considered Revenue from



Open Access consumers based on energy estimated by TPL-D (A) in its Mid-term Review petition for FY 2015-16. The estimated gap for FY 2015-16 is given in the Table below:

**Table 5.4: Approved Revenue Gap/(Surplus) for FY 2015-16 at the Existing Tariff (Rs. Crore)**

Sl. No	Parameters	Approved in the Mid-term Review
1	ARR for FY 2015-16	4557.83
2	Less:-Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	4724.76
3	Less: Revenue from Open Access Consumers	72.78
4	<b>Net Gap/(Surplus)</b>	<b>(239.71)</b>

### 5.5 Cumulative Revenue Gap/(Surplus)

TPL has submitted cumulative Revenue Gap/(Surplus) for determination of Tariff of Ahmedabad Supply Area for FY 2015-16 as detailed in the Table below:

**Table 5.5: Cumulative Revenue (Gap)/Surplus for determination of Tariff of Ahmedabad Supply Area for FY 2015-16**

Sl. No.	Particulars	(Rs. Crore) TPL-D (A)
1	Gap/ (surplus) of FY 2013-14	438.06
2	Implementation of APTEL judgment	62.37
3	DSM	4.45
4	Clarification / Rectification Order	8.06
5	Net Gap/ (Surplus) of FY 2015-16	(159.05)
6	<b>Cumulative Gap/ (Surplus) to be recovered through Tariff</b>	<b>353.88</b>

#### 5.5.1 Demand Side Management Program

TPL has projected the Demand Side Management plan for Ahmedabad Supply Area at Rs. 4.45 Crore as detailed below:

**Table 5.6: Demand Side Management Plan for Ahmedabad Supply Area for FY 2015-16 (Rs. Crore)**

Sl. No.	Particulars	Total Cost
1	Replacement of Tube Lights	1.80
2	Replacement of Fan	2.40
3	Consumer Awareness Programs	0.25
4	<b>Total</b>	<b>4.45</b>

### Petitioner's Submission

The Petitioner has submitted that the GERC (Demand Side Management) Regulations, 2012 mandates the distribution licensee to formulate and submit the DSM plan for its license area. The Commission has directed the distribution licensee including the Petitioner to submit the DSM plan for Ahmedabad,



Gandhinagar and Surat license areas.

The Petitioner has proposed to carry out the program for replacement and promotion of energy efficient lighting, fan and consumer awareness programme in the Ahmedabad and Gandhinagar license area as part of the DSM plan. As part of this program, TPL-D (A) has proposed to replace energy intensive and inefficient appliances with energy efficient appliances in order to reduce the demand & flatten the load curve. The premises covered in this program such as AMC schools and Anganwadis are having non-star rated and inefficient appliances for lighting and cooling purpose. Accordingly, TPL-D (A) has proposed to adopt state of the art energy efficient technologies in lighting and cooling appliances i.e. LED tube lights in lieu of the existing T12/T8 tube lights and star rated energy efficient fans.

The Petitioner has proposed to carry out execution of the DSM programs starting from FY 2015-16 subject to approval of the Commission.

#### **Commission's Analysis**

The DSM program submitted by TPL is in accordance with the DSM Regulations, 2012 notified by GERC.

The Commission approves the DSM plan submitted by TPL at Rs. 4.45 Crore for implementation for FY 2015-16. The actual expenditure incurred shall be part of the annual truing up exercise.

#### **5.5.2 Implementation of APTEL judgment**

TPL has claimed Rs. 62.37 Crore towards implementation of APTEL judgment and included the cumulative gap/ (surplus).

#### **Petitioner's Submission**

TPL has submitted the following:

The Tribunal has issued the judgment in Appeal nos. 190 of 2011 and 162 & 163 of 2012 vide order dated 28<sup>th</sup> November, 2013. The Commission has issued the implementation order dated 18<sup>th</sup> July, 2014 in this regard. Accordingly, the effect of Rs. 9.25 Crore towards O&M Expenses of TPL-D (A) for FY 2011-12 & FY 2012-13 is to be added to the total requirement.



Further to the above, the order has resulted in revised O&M expenses for TPL-G (APP) for FY 2011-12 and FY 2012-13. The impact of revised O&M expenses of TPL-G (APP) has been considered in tariff of FY 2015-16. The impact has been segregated between TPL-D (A) and TPL-D (S) based on the approved power purchase cost of the particular respective year. This has resulted into an additional impact of Rs. 5.93 Crore for TPL-D (A).

The Commission has also computed the carrying cost for TPL-D vide this order. The same has been bifurcated between both the licensee areas based on the respective gap/ (surplus) approved by the Commission. This has resulted in the carrying cost of Rs. 47.19 Crore for Ahmedabad Supply Area.

The total increase in ARR due to the Commission's order dated 18<sup>th</sup> July, 2014 works out to Rs. 62.37 Crore for Ahmedabad Supply Area. The same has been added to the Gap of TPL-D (A) for determination of Tariff for FY 2015-16.

#### **Commission's Analysis**

TPL has claimed Rs. 62.37 Crore as per the judgement dated 28.11.2013 of Hon'ble APTEL and consequential order of the Commission dated 18.07.2014. However, TPL vide its Petition no. 1453/2014 has sought clarification / rectification from the Commission on its order dated 18.07.2014. As the matter is not yet decided by the Commission, the amount of Rs. 62.37 Crore is not considered for the determination of tariff for FY 2015-16.

#### **5.5.3 Order on Clarification/Rectification**

##### **Petitioner's Submission**

TPL has included Rs. 8.06 Crore in the cumulative gap/ (surplus) as per the Commission's order dated 17<sup>th</sup> November, 2014 in case no 1435/2014.

##### **Commission's Analysis**

The claim of Rs. 8.06 Crore is as per the Commission order dated 17<sup>th</sup> November, 2014 in case no 1435/2014 on clarification / rectification petition in case no. 1376/2013.

The cumulative gap considered by the Commission for determination of Tariff for FY 2015-16 in respect of Ahmedabad Supply Area is detailed in the Table below:





**Table 5.7: Cumulative Revenue Gap/ (surplus) as projected by TPL and approved by the Commission for FY 2015-16**

(Rs. Crore)			
Sl. No.	Particulars	Projected by TPL	Approved by the Commission
1	Gap/(surplus) of FY 2013-14	438.06	377.90
2	Implementation of APTEL judgment	62.37	0.00
3	DSM	4.45	4.45
4	Clarification/Rectification Order	8.06	8.06
	Net Gap/(surplus) of FY 2015-16	(159.05)	(239.71)
5	<b>Cumulative Gap/(surplus) to be recovered through tariff</b>	<b>353.88</b>	<b>150.70</b>

The Commission approves the cumulative gap/(surplus) at Rs. 150.70 Crore for determination of Tariff for FY 2015-16.

### **5.6 Consolidated Revenue Gap for TPL Distribution**

As shown in Table 5.7, the Commission has estimated the total Revenue (Gap)/ Surplus of TPL Ahmedabad at Rs. 150.70 Crore for the FY 2015-16. Similarly, the Commission has estimated the revenue gap of TPL Surat area in the Tariff Order in Petition No. 1468/2014 at Rs. 106.28 Crore for the FY 2015-16.

**Table 5.8: Consolidated gap computed for FY 2015-16**

(Rs. Crore)				
Sl. No.	Particulars	TPL Ahmedabad	TPL Surat	Total
1	Total Revenue (Gap) / Surplus for FY 2015-16	(150.70)	(106.28)	(256.98)

**Accordingly, the Commission considers the total consolidated gap of Rs. 256.98 Crore for TPL Distribution area for determination of tariff for FY 2015-16.**



## 6. Compliance of Directives

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### 6.1 Compliance of earlier Directives

The Commission, in its Tariff Order dated 29<sup>th</sup> April, 2014, in case No. 1376/2013 had issued a fresh directive to TPL, in pursuance of which, TPL submitted a report on compliance of this directive. The comments of the Commission on the submission / compliance of TPL are given below. The Commission has also given fresh directives to the licensee, wherever required.

#### Directive 1:

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

#### Compliance

In compliance to the directive, TPL-D is making all efforts to enter into agreement to meet the RPO obligation. It has published advertisements in the newspapers for supply of power from the renewable energy sources on 2<sup>nd</sup> August, 2013, 18<sup>th</sup> November, 2013 and 7<sup>th</sup> April, 2014 in the leading newspapers in Gujarat and in India covering major cities both at state and national level. However, the Petitioner has received very limited response from the developers.

#### Commission's Comments

TPL-D (A) shall continue the efforts to enter agreements for purchase of renewable energy to meet the RPO obligation.

## 7. Fuel and Power Purchase Price Adjustment

### 7.1 Fuel Price and Power Purchase Price Adjustment

The Commission, vide in Case No. 1309/2013 and 1313/2013 its order dated 29.10.2013, has revised the formula for Fuel Price and Power Purchase Cost Adjustment (FPPPA) as mentioned below:

### 7.2 Formula

$$\text{FPPPA} = [(\text{PPCA} - \text{PPCB})] / [100 - \text{Loss in \%}]$$

Where,

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



### **7.3 Base Price of Power Purchase (PPCB)**

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

<b>Year</b>	<b>Total Energy Requirement (MU)</b>	<b>Approved Power Purchase Cost (Rs. Crore)</b>	<b>Power Purchase Cost per unit (Rs./kWh)</b>
FY 2015-16	11690	5654.33	4.84

As mentioned above the base Power Purchase cost for TPL-D is Rs. 4.84 per kWh and the base FPPPA charge is Rs. 1.23/kWh.

TPL may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 7.2 above.

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

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

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

## 8. Wheeling Charges and Cross-Subsidy Surcharge

### 8.1 Introduction

Regulation 88.1 of 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.

### 8.2 Wheeling charges

#### Petitioner's Submission

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

**Table 8.1: Allocation matrix for segregation to Wheeling and Retail Supply submitted by TPL-D Ahmedabad supply area for FY 2015-16**

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

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

- a. ARR of Wheeling Business – Rs. 457.44 Crore
- b. ARR of Retail Supply Business – Rs. 4070.02 Crore



### **Determination of Wheeling Charges**

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

It is submitted by TPL-D that;

- The GFA (excluding assets related to retail supply i.e. SLC and Meters) for Ahmedabad Supply Areas as on 31<sup>st</sup> March, 2014 is Rs. 2501.44 Crore. In case of Ahmedabad Supply Area, the GFA identified for HT & LT business are Rs. 1801.49 Crore & Rs. 699.95 Crore, respectively. The ratio of HT assets to LT assets is 72:28, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.
- Further as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak.
- The system peak demand for Ahmedabad Supply Area for the year FY 2013-14 is estimated as 1371.94 MW. In case of Ahmedabad Supply Area, the contract demand for all the HT consumers is about 599.94 MW. Assuming that 85% of the contact demand of HT consumers contributes to the system peak demand, the total demand of LT contributing to the system peak is computed as 861.99 MW.
- To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charge determined in terms of Rs/ kW/ Month has been tabulated below:

**Table 8.2: Projected Wheeling charges in cash of Ahmedabad area for FY 2015-16**

<b>Particulars</b>	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	329.44
LT Voltage	128.00
Total	457.44
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	122.45
LT Voltage	334.99
Total	457.44
Wheeling Charge in Rs/ kW/ month	
HT Voltage	200.11



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LT Voltage	323.85
Wheeling Charge in Rs/ kWh	
HT Voltage	0.59
LT Voltage	0.62

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

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

**Table 8.3: Proposed Wheeling charges in kind of Ahmedabad area**

Particulars	FY 2015-16 Ahmedabad Area
HT Category	4.00%
LT Category	7.65%

### Commission's Analysis

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

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

**Table 8.4: Allocation matrix for segregation to Wheeling and Retail Supply for TPL-Ahmedabad Supply Area for FY 2015-16 as per GERC Regulations**

Sl. No.	Particulars	Wire Business (%)	Retail Supply Business (%)
1	Power purchase expenses	0	100
2	Employee expensed	60	40
3	Administration and General expenses	50	50
4	Repairs 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



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Based on the above allocation, the approved ARR for wires business and retail supply business are computed as shown below.

**Table 8.5: Allocation ARR between wheeling and retail supply business for Ahmedabad for FY 2015-16**

(Rs. Crore)				
Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power purchase expenses	3994.31	0.00	3543.02
2	O&M expenses	242.10		
	i) Employee expenses	97.54	58.52	39.02
	ii) R&M expenses	73.92	66.53	7.39
	iii) A&G expenses	70.64	35.32	35.32
3	Depreciation	117.71	105.94	11.77
4	Interest on loan	52.83	47.55	5.28
5	Interest on consumer security deposit	42.59	4.26	38.33
6	Interest on working capital	0.00	0.00	0.00
7	Provision for bad debt	1.50	0.00	1.50
8	Income tax	0.00	0.00	0.00
9	Contribution to contingency reserve	0.60	0.60	0.00
10	Return on equity	163.93	147.54	16.39
11	Prompt Payment Rebate	30.36	0.00	28.91
12	Less: Non-tariff income	88.10	8.81	79.29
13	<b>Net ARR</b>	<b>4557.83</b>	<b>457.44</b>	<b>3647.64</b>

The above allocations of ARR are used for determination of charges and cross subsidy surcharge for FY 2015-16.

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

**Table 8.6: Wheeling charges for HT voltage level**

Particulars	
<b>First Level Segregation of ARR in Rs. Crore</b>	
HT Voltage	329.44
LT Voltage	128.00
Total	457.44
<b>Second Level Segregation of ARR in Rs. Crore</b>	
HT Voltage	122.45
LT Voltage	334.99
Total	122.45
<b>Wheeling Charge in Rs/ kW/ month (For Long-term and Medium-term Open Access consumers)</b>	
HT Voltage	200.11
LT Voltage	323.85
<b>Wheeling Charge in Rs/ kWh (For Short-term Open Access consumers)</b>	





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Particulars	
HT Voltage	0.59
LT Voltage	0.62

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

**Table 8.7: Approved Wheeling charges in kind**

Particulars	FY 2015-16 Ahmedabad Area
HT Category	4.00%
LT Category	7.65%

### **8.3 Cross Subsidy Surcharge**

#### **Petitioner's Submission**

#### **Determination of Cross-Subsidy Surcharge**

TPL-D has proposed the cross subsidy for HTMD-1 and HTMD-2 category consumer as 65 Paisa/kWh and 84 Paisa/kWh based on formula enumerated in the tariff Policy. However, TPL requested the Commission to derive a formula for calculation of cross-subsidy surcharge based on the principles enunciated in the tariff Policy and various provisions of the Act to arrive at correct amount of Cross-subsidy.

#### **Commission's Analysis**

Hon'ble APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the tariff Policy. Accordingly, the Commission computed cross subsidy surcharge based on the formula given in the Tariff Policy for FY 2015-16 also 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

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

**Table 8.8: Cross subsidy surcharge for FY 2015-16**

Sl. No.	Particulars	HT Industry
1	T	7.11
2	C	5.86
3	D	0.59
4	L	4%
5	S = Cross subsidy surcharge	0.43 Rs/kWh

1. Average HT tariff including base FPPPA charge @

Rs. 1.23 per unit for FY 2015-16: 7.11 Rs./ kWh

2. Wt. Avg. Power purchase cost of top 5% at margin: 5.86 Rs./ kWh

3. Cross subsidy surcharge for HT

$$S = 7.11 - [5.86 (1+4/100) + 0.59]$$
$$= 0.43 \text{ Rs./ kWh}$$



## 9. Tariff Philosophy and Tariff Proposals

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### 9.1 Introduction

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and GERC (MYT) Regulations, 2011 notified by the Commission.

Section 61 of the Act lays down broad principles and guidelines for determination of retail supply tariff. The basic principle is to ensure that the tariff should progressively reflect the cost of supply of electricity and reduce the cross subsidy amongst categories within a period to be specified by the Commission.

### 9.2 Proposal of TPL for increase in Retail Tariffs for Ahmedabad and Surat for FY 2015-16

#### 9.2.1 Retail Tariff

TPL has computed gap for FY 2013-14, impact of APTEL decision etc., and has proposed to recover the estimated revenue gap during FY 2015-16. TPL-D has proposed certain increase in retail supply tariffs and levy of cross subsidy surcharge on open access consumers, for consideration of the Commission.

#### 9.2.2 Issues in the existing tariff structure and Retail Supply Tariff Proposal of TPL-D

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

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

- i) Consumer's Capacity to pay.
- ii) Correct recovery of fixed charges which is depictive of the fixed costs.
- iii) Adhering to band of cross subsidy prescribed in Tariff Policy.
- iv) Incentivising the energy conservation through telescopic tariff.
- v) Demand Side Management by shifting of consumption from peak hours to off-peak hours.
- vi) Promotion of efficient use of electricity.

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



**(i) Consumer's Capacity to Pay**

**As per Tariff Policy while determining the tariff, the following principles are to be considered.**

- a) BPL consumers for consumption up to 30 units per month may receive a special support. The tariff for such consumers will be at least 50% of the average cost of supply.
- b) The tariff should progressively reflect cost of supply in a manner that tariffs are within plus or minus 20% of the average cost of supply.

TPL has submitted that the existing tariff structure recognises the principle of the consumer's capacity to pay as can be seen from the following examples:

- In residential category, the energy component is telescopic i.e., consumers, consuming lower units have to pay lower tariff as compared to consumers consuming higher units, within same category.
- Fixed charges for consumers with a lower load are less as compared to fixed charges applicable to consumers with higher load within same category.
- Tariff for BPL consumer for first 30 units per month is proposed to be kept unchanged at the same level.
- Thus the present tariff structure is consistent with the principle of capacity to pay.

**(ii) Moving towards correct recovery of fixed charges which is depictive of the fixed costs.**

The Petitioner has submitted that it incurs the following fixed costs:

- Power purchase
- Operation and Maintenance of the network.
- Interest and depreciation on capital expenditure to establish and augment the network etc., to cater to the demand of consumers.

The fixed costs are to be recovered through fixed charges.

**TPL has further submitted:**

Section 61 of the Electricity Act, 2003 specifies the guiding factor for the determination of terms and conditions of tariff as detailed here under.

- The generation, transmission, distribution and supply of electricity are conducted on commercial principles.

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

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

TPL has stated that in spite of increase in fixed charge in the tariff approved by the Commission for FY 2014-15 recovery of fixed charge from tariff is only Rs. 0.71/unit at present. It is proposed to increase the recovery of fixed charge to Rs. 1.01/unit in the tariff proposal of FY 2015-16 to bridge the gap between fixed costs per unit and fixed charges per unit.

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

#### **Problems due to this anomaly in tariff**

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

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

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

#### **Adhering to the band of cross subsidy prescribed by the Tariff Policy**

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

### **Incentivising Energy Conservation through telescopic tariff**

The Petitioner has proposed to continue with the telescopic tariff structure to incentivise conservation of energy or conversely disincentivise higher consumption. The telescopic tariff is intended to motivate the consumers to restrict their consumption to avoid paying higher rates in the higher slab. The present tariff structure has telescopic tariff and proposed to continue the telescopic tariff structure.

### **Demand Side Management by shifting consumption from peak-hours to off-peak hours**

Time of use (ToU) charges are currently applicable to all HTMD category of consumers.

TPL has proposed to increase the ToU charges for HT consumers and also proposed to introduce ToU Charges for LT consumers and increase ToU rebate for HTMD and LTMD-2 consumers. TPL also proposed to rationalise timing of peak and off-peak hours.

### **Promotion of efficient use of electricity**

**Load Factor Incentive:** The Petitioner has proposed to maintain the load factor incentive (for HTMD -1 Consumers) that is currently applicable to flatten the load curve and thereby improving the system utilization.

**Power Factor Adjustment Charges and Rebate:** TPL has proposed to maintain power factor (PF) adjustment charges and rebate. This will ensure better discipline and efficiency of the power system.

**Prompt Payment Rebate:** TPL has proposed to continue the existing prompt payment discount at 1% for Ahmedabad Supply Area.

## **9.3 Commission's Analysis**

The Commission has carried forward the process of rationalization of tariff in order to ensure that the tariffs reflect, as per far as practicable, the cost of supply. The Commission has also tried to address operational and field level issues – keeping in view the interest of consumers – while rationalising tariff structure.

The Commission decides to continue the existing tariff structure.

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

In view of the above, while increasing tariff, the Commission has taken care of paying capacity of the consumers. As a part of tariff structure rationalization, the Commission has created new slabs of 101 to 200 units and 201 to 250 units consumption in RGP category for Surat. The Commission has not increased the energy charge for monthly consumption up to 200 units for residential purpose. Also, the fixed charge for the single phase residential consumers of Ahmedabad and Surat is not increased. Also, the Commission has not increased the tariff for BPL and Agriculture consumers of TPL-D. There is a moderate increase of Rs. 5 per installation per month in fixed charge of 3 phase residential consumers. For the rest of the consumer categories average increase of 15 paise/unit including both, increase in fixed as well as energy charge, is approved by the Commission.

With this increase, an amount of Rs. 159.75 Crore of additional revenue is estimated for TPL-D for addressing significant portion of the gap of Rs. 256.97 Crore. TPL-D is required to make up the balance gap of Rs. 97.23 Crore by taking measure for improving efficiency in its operations.



## COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for TPL-D (Ahmedabad) for FY 2015-16, as shown in the Table below:

**Approved ARR for TPL-D (Ahmedabad) for FY 2015-16**

(Rs. Crore)		
Sl. No.	Particulars	FY 2015-16
1	Power Purchase Cost	3994.31
2	Operations and Maintenance Expenses	242.10
3	Depreciation	117.71
4	Interest on Loans	52.83
5	Interest on working Capital	0.00
6	Interest on Security Deposit	42.59
7	Bad debts Written off	1.50
8	Contingency Reserve	0.60
9	Prompt Payment Rebate	30.36
10	Return on equity	163.93
11	Income Tax	0.00
12	<b>Total Expenditure</b>	<b>4645.93</b>
13	Less: Non-Tariff income	88.10
14	<b>Aggregate Revenue Requirement</b>	<b>4557.83</b>

The retail supply tariffs for Ahmedabad distribution area for FY 2015-16 determined by the Commission are annexed to this order.

This order shall come into force with effect from the 1<sup>st</sup> April, 2015. The revised rate shall be applicable for the electricity consumption from the 1<sup>st</sup> April, 2015 onwards.

Sd/-	Sd/-	Sd/-
_____ <b>SHRI K.M. SHRINGARPURE</b> Member	_____ <b>DR. M.K. IYER</b> Member	_____ <b>SHRI PRAVINBHAI PATEL</b> Chairman

Place: Gandhinagar  
Date: 31/03/2015



**ANNEXURE: TARIFF SCHEDULE**  
**TARIFF SCHEDULE FOR AHMEDABAD - GANDHINAGAR LICENSE AREA OF**  
**TORRENT POWER LIMITED- AHMEDABAD**  
**TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION**  
**AND EXTRA HIGH TENSION**  
**Effective from 1<sup>st</sup> April, 2015**

**GENERAL CONDITIONS**

1. This tariff schedule is applicable to all the consumers of TPL in Ahmedabad-Gandhinagar area
2. All these tariffs for power supply are applicable to only one point of supply.
3. Meter charges shall be applicable as prescribed under GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, 2005 as in force from time to time.
4. Except in cases where the supply is used for purposes for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
5. The charges specified in the tariff are on monthly basis, TPL shall adjust the rates according to billing period applicable to consumer.
6. The various provisions of the GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations will continue to apply.
7. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
8. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).
9. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.
10. Contract Demand shall mean the maximum kW for the supply of which TPL undertakes to provide facilities to the consumer from time to time.

11. Maximum Demand in a month means the highest value of average kW as the case may be, delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.
12. Payment of penal charges for usage in excess of contract demand/load for any billing period does not entitle the consumer to draw in excess of contract demand/load as a matter of right.
13. The fixed charges, minimum charges, demand charges, meter rent and the slabs of consumption of energy for energy charges mentioned shall not be subject to any adjustment on account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of billing period for any reason.
14. Prompt payment discount on the total bill excluding all types of levies, duties or taxes levied by the Government or any other competent authorities and meter rent but including fixed charges, energy charges and minimum charge shall be allowed at the 1% rate for all tariff categories except tariff categories 'Rate: TMP' and 'Rate: HTMD-3', provided that the bill is paid within due date i.e. (i) within 14 days of the date thereof for LT consumers and (ii) within 10 days of the date thereof for HT consumers, provided that no previous account is outstanding as on the date of the bill.
15. The energy bills shall be paid by the consumer within 14 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date to the date of payment of bill.
16. Fuel Price and Power Purchase Adjustment (FPPPA) charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.
17. Statutory Levies: These tariffs are exclusive of Electricity Duty, Tax on Sales of Electricity, Taxes and other Charges levied/may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk/retail supplies from time to time.
18. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and TPL shall be entitled to take any other action deemed necessary and authorized under the Act.



**PART- I**

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

**1. RATE: RGP**

This tariff is applicable to supply of electricity for:

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

**1.1. FIXED CHARGE**

**For Other than BPL consumers**

(a)	Single Phase Supply	Rs. 25 per month per installation
(b)	Three Phase Supply	Rs. 65 per month per installation

**For BPL household consumers\***

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

**For Other than BPL consumers**

(a)	First 50 units consumed per month	320 Paise per Unit
(b)	For the next 150 units consumed per month	390 Paise per Unit
(c)	Remaining units consumed per month	490 Paise per Unit

**For BPL household consumers\***

(a)	First 30 units consumed per month	150 Paise per Unit
(b)	For remaining units consumed per month	Rate as per RGP

*\* The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the zonal office of the Distribution Licensee. The concessional tariff is only for 30 units per month.*

**2. RATE: GLP**

Applicable for supply of electricity to 'other than residential' premises used for charitable purposes like: public hospitals, dispensaries, educational and



research institutions and hostels attached to such institutions, youth hostels run by Government, religious premises exclusively used for worship or community prayers, electric crematorium etc. Such premises should be in the use of 'Public Trust' as defined under section 2(13) of the Bombay Public Trust Act, 1950.

**2.1. FIXED CHARGE**

(a)	Single Phase Supply	Rs. 30 per month per installation
(b)	Three Phase Supply	Rs. 70 per month per installation

**2.2. ENERGY CHARGE**

(a)	First 200 units consumed per month	410 Paise per Unit
(b)	Remaining units consumed per month	480 Paise per Unit

**3. RATE: NON-RGP**

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

**3.1. FIXED CHARGE**

(a)	For installations having Connected Load up to and including 5 kW	Rs. 70 per kW per month
(b)	For installations having Connected Load more than 5 kW and up to 15 kW	Rs. 90 per kW per month

**3.2. ENERGY CHARGE**

A flat rate of	450 Paise per Unit
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**4. RATE: LTP (AG)**

Applicable to motive power installations for agricultural purposes

**4.1. ENERGY CHARGE**

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

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

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

## **5. Rate: LTMD-1**

Applicable for supply of electricity to installations above 15 kW of connected load used for common services like elevators, water pumping systems and passage lighting for residential purpose and pumping stations run by local authorities.

### **5.1. FIXED CHARGE**

1. For Billing Demand up to and including Contract Demand

(a)	First 50 kW of Billing Demand per month	Rs. 150 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 185 per kW
(c)	Rest of Billing Demand per month	Rs. 245 per kW

2. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 350 Per kW
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Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

### **5.2. ENERGY CHARGE**

(a)	For Billing Demand up to and including 50 KW	455 Paise per unit
(b)	For Billing Demand above 50 KW	470 Paise per unit

### **5.3. POWER FACTOR ADJUSTMENT CHARGE**

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

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



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

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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**6. RATE: LTMD-2**

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

**6.1. FIXED CHARGE**

A. For Billing Demand up to and including Contract Demand

(a)	First 50 kW of Billing Demand per month	Rs. 175 per kW
(b)	Next 30 kW of Billing Demand per month	Rs. 230 per kW
(c)	Rest of Billing Demand per month	Rs. 300 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 425 Per kW
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Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

**6.2. ENERGY CHARGE**

(a)	For Billing Demand up to and including 50 KW	470 Paise per unit
(b)	For Billing Demand above 50 KW	490 Paise per unit

**6.3. POWER FACTOR ADJUSTMENT CHARGE**

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

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

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

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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**7. RATE: SL**

Applicable to lighting systems for illumination of public roads.

**7.1. ENERGY CHARGE**

A flat rate of	420 Paise per Unit
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**7.2. OPTIONAL kVAh CHARGE**

For all the kVAh units consumed during the month	325 Paise per Unit
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**8. RATE: TMP**

Applicable to installations for temporary requirement of electricity supply.

**8.1. FIXED CHARGE**

Fixed Charge per Installation	Rs. 25 per kW per Day
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**8.2. ENERGY CHARGE**

A flat rate of	500 Paise per Unit
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**PART- II**

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

**9. RATE: HTMD-1**

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

**9.1. FIXED CHARGE**

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month for Billing demand up to 1000 KW	Rs. 260 per kW
Fixed Charge per kW of Billing Demand per Month for Billing demand 1000 KW and above	Rs. 335 per KW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 385 per kW
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Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

**9.2. ENERGY CHARGE**

(a)	First 400 units consumed per kW of Billing Demand per Month	445 Paise per unit
(b)	Remaining Units consumed per Month	435 Paise per unit

**9.3. TIME OF USE (TOU) CHARGE**

For the Consumption during specified hours as mentioned here below:	
(i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs.	
(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 300 kW	80 Paise per Unit
(b) For Billing Demand Above 300 kW	100 Paise per Unit

**9.4. NIGHT TIME CONCESSION**

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time





segments, in excess of one third of total energy consumed during the month, shall be eligible for rebate at the rate of 60 Paise per KWH.

#### **9.5. POWER FACTOR ADJUSTMENT CHARGE**

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

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

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

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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#### **10. RATE: HTMD-2**

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

##### **10.1. FIXED CHARGE**

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 225 per kW
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B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 285 Per kW
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Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

##### **10.2. ENERGY CHARGE**

A flat rate of	400 Paise per unit
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##### **10.3 TIME OF USE (TOU) CHARGE**

For the Consumption during specified hours as mentioned here below- (i) For April to October period- 1200 Hrs. to 1700	60 Paise per unit
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Hrs. & 1830 Hrs. to 2130 Hrs. (ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	
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#### **10.4 NIGHT TIME CONCESSION**

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments, in excess of one third of total energy consumed during the month, shall be eligible for rebate at the rate of 60 Paise per KWH.

#### **10.5 POWER FACTOR ADJUSTMENT CHARGE**

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

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

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

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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#### **11. RATE: HTMD-3**

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

##### **11.1. FIXED CHARGE**

For billing demand up to contract demand	Rs. 25/- per kW per day
For billing demand in excess of contract demand	Rs. 30/- per kW per day

Note: The Billing Demand will be taken as under:

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

Whichever is the highest.

#### 11.2. ENERGY CHARGE

For all units consumed during the month	695 Paise/Unit
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#### 11.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below- (i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs. (ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	60 Paise per unit
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#### 11.4. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

For each 1% decrease in the Power Factor below 90%	Penalty of 3.00 Paise per Unit
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#### 12. RATE: NTCT (NIGHT TIME CONCESSIONAL TARIFF)

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

##### 12.1 FIXED CHARGE

Fixed Charges	30% of the Demand Charges under relevant Tariff Category
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##### 12.2 ENERGY CHARGE

A flat rate of	340 Paise per unit
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##### 12.3 POWER FACTOR ADJUSTMENT CHARGE

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

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



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

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

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

