GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2013-14 and

Determination of Tariff for FY 2015-16

For

MPSEZ Utilities Private Ltd. (MUPL)

Case No. 1471 of 2014

31st March, 2015

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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
REC	Renewable Energy Certificate
RLDC	Regional Load Despatch Centre
SBI	State Bank of India
SLC	Service Line Contribution
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1471 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

MPSEZ Utilities Private Limited (hereinafter referred to as MUPL or Petitioner), a distribution Licensee, has filed its petition on 1st December, 2014 under Section 62 of the Electricity Act, 2003 read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011 for truing up of FY 2013-14 and determination of Retail Supply Tariff for FY 2015-16.

The Commission conducted a preliminary scrutiny and admitted the petition on 8th December, 2014 under Case No. 1471/2014.

1.2 MPSEZ Utilities Private Limited (MUPL)

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

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

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

1.3 MUPL petition for FY 2011-12

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

1.4 MUPL petition for FY 2012-13

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

1.5 MUPL petition for FY 2013-14

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

1.6 Commission's Orders for Mid-term Review of Business plan for MUPL

MUPL 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 on the behalf and after taking into consideration the submission made by MUPL, the objections by various stakeholders, response of MUPL, 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 MUPL on 29th April, 2014.

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

1.7 Admission of the current Petition and the Public Hearing Process

MUPL has submitted the current Petition for truing up of FY 2013-14 and determination of Tariff for FY 2015-16. After preliminary analysis the Commission has admitted the Petition as Case No. 1471/2013 on 8th Decemebr, 2014.

In accordance with Section 64 of the Electricity Act, 2003 the Commission has directed MUPL to publish the application in an abridged form to ensure public participation.

The public notice was issued in the following newspapers inviting objections / suggestions from its stakeholders on the ARR Petition filed by it.

Sl. No.	Particulars	Language	Date of Publication
1	Indian Express (Ahmedabad)	English	15.12.2014
2	Kutchmitra (Bhuj)	Gujarati	15.12.2014
3	Divya Bhaskar (Bhuj)	Gujarati	15.12.2014

The petitioner also placed a public notice and the petition on its website (www.adaniports.com) for inviting objections / suggestions on its petition.

The interested parties /stakeholders were asked to file their objections / suggestions on its Petition on or before 14th 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 25th January, 2015.

The Commission received objections / suggestions from 3 stakeholders. The Commission examined the objections / suggestions received and fixed the date for public hearing for the petition on 10th February, 2015 at the Commission's Office, Gandhinagar and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in Commission's Office in Gandhinagar as scheduled on the above date.

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

Sl. No.	Name of Stakeholders	Participated in the Public Hearing
1	Laghu Udyog Bharati – Gujarat	Yes
2	Consumer Education and Research Society (CERS)	Yes
3	Utility Users' Welfare Association (UUWA)	Yes

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

1.8 Approach of this Order

MUPL has submitted the current Petition for truing up of FY 2013-14 and determination of retail Tariff for FY 2015-16. The truing up submitted by MUPL for FY 2013-14 is based on audited accounts for FY 2013-14.

The Commission has examined the data/information submitted by MUPL for FY 2013-14 with reference to Audited Annual Accounts for FY 2013-14 along with determination of Tariff for FY 2015-16.

The petition for truing up for FY 2013-14 and determination of retail supply tariff for FY 2015-16 has been considered by the Commission as per GERC (Multi-Year Tariff)

Regulations, 2011. The Commission has considered the revised ARR for FY 2015-16 same as approved in the Mid-term Review order as per GERC (Multi-Year Tariff) Regulations, 2011.

1.9 Contents of the Order

This order is divided into six chapters as under:

1. The **First Chapter** provides the background regarding the Petitioner, the Petition and details of the public hearing process.
2. The **Second Chapter** provides a summary of MUPL's submission
3. The **Third Chapter** deals with objections raised by Stakeholders, MUPL response and Commission's Comment.
4. The **Fourth Chapter** deals with the truing up of FY 2013-14.
5. The **Fifth Chapter** deals with Retail supply Tariff for FY 2015-16, the wheeling charges, cross subsidy surcharge and Fuel and Power Purchase Price Adjustments.
6. The **Sixth Chapter** outlines the wheeling charges and cross-subsidy surcharge
7. The **Seventh Chapter** deals with the FPPPA charges.
8. The **Eight Chapter** deals with the directives by the Commission.

2. A Summary of MUPL's Petition

MPSEZ Utilities Private Limited (MUPL) submitted the of True-up of FY 2013-14 and revenue estimates for FY 2015-16 on 8th December, 2014.

2.1 Actuals for FY 2013-14 submitted by MUPL

The details of expenses under various components of ARR for FY 2013-14 are given in the Table below:

Table 2.1: Actuals submitted by MUPL for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up
1	Power Purchase Expenses	71.89
2	Operations and Maintenance expenses	8.00
3	Depreciation	3.73
4	Interest on Long Term Loans	4.04
5	Interest on Security Deposit	0.87
6	Interest on working capital	0.00
7	Provision for bad debts	0.00
8	Contingency Reserve	0.00
9	Income Tax	1.01
10	Return on equity @ 14%	2.80
11	Less: Non-Tariff Income	0.43
12	**ARR**	**91.91**

2.2 A Summary of projected revenue gap till FY 2013-14

Table below summarizes the estimated ARR submitted by MUPL for truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2013-14.

Table 2.2: Projected Revenue Gap for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved	Actual submitted
1	Approved Revenue Gap of FY 2010-11	1.77	1.77
2	Carrying cost @13 % (As on 01.04.2011)		0.23
3	Approved Revenue Gap of FY 2011-12	7.35*	7.35
4	Carrying cost @14.75 % (As on 01 04 2012)		1.08
5	Approved Revenue Gap of FY 2012-13		5.93
6	Carrying cost @14.75 % (As on 01 04 2013)		0.86
7	Consolidated Revenue Gap of FY 2010-11, 2011-12 & 2012-13	15.04	17.22
8	Revenue Gap of FY 2013-14		4.96
9	Carrying cost @14.75 % (As on 01.04.2014)		3.27
10	**Total Gap / (Surplus) of FY 2013-14**		**25.46**

Note: *the gap of FY 2010-11 and FY 2011-12 of Rs. 9.11 Crore is approved by the Commission vide letter dated 02.12.2013 in the review petition No. 1346/2013 filed by the Petitioner.*

2.3 A Summary of projected revenue gap and tariff proposal for FY 2015-16

Table below summarizes the ARR projected in the Mid-term Review Petition, total revenue and revenue gap projected by MUPL from sale of power at the existing tariff for FY 2015-16.

Table 2.3: ARR, Revenue and Gap Projected for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	FY 2015-16
1	Approved ARR for FY 2015-16	171.59
2	Add: Revenue gap of previous year with carrying cost	25.46
2	Revenue from existing tariff for FY 2015-16	195.63
3	Revenue Gap / (Surplus) in FY 2015-16	1.42

MUPL has proposed to recover the revenue gap of Rs. 1.42 Crore for FY 2015-16.

The petitioner proposed to increase Excess demand charges from 1.25 Rs./unit to 1.50 Rs. /unit for HTMD-I category in order to bring the discipline among its consumers to maintain the contracted demand and discourage the excess drawal of the power.

The petitioner also proposed to increase fixed charges of HTMD-II (Temporary HT) from 1.00 Rs./unit to 1.25 Rs./unit compared to fixed charges of 1.10 Rs./unit of HTMD-I category.

2.4 MUPL's request to the Commission:

1. Admit the Petition for truing up of Aggregate revenue requirement for FY 2013-14 and tariff determination for FY 2015-16.
2. Approve the gap of FY 2013-14 as per the truing up along with carrying cost for unrecovered gap.
3. Approve the sharing of gains/losses as proposed by the petitioner for FY 2013-14.
4. Approve the variation in power Purchase Cost on account of variation of Distribution loss as controllable factor.
5. Approve the variation in O&M expense as uncontrollable considering the reasons beyond the control of the petitioner.
6. Permit the Petitioner to recover the unrecovered gap for FY 2010-11, FY 2011-12, FY 2012-13 along with carrying cost for deferment in the gap

recovery.

7. Allow the recovery of gap along with carrying cost in view of Hon'ble Tribunal judgment dated 30.05.2014 for Appeal no. 147, 148 and 150 of 2013.
8. Approve the wheeling ARR and corresponding charges for wheeling of power with effect from 01.04.2015.
9. Approve the cross subsidy surcharge filed by the petitioner.
10. Revise the FPPPA charges calculations incorporating renewable energy component.
11. Approve the Tariff schedule as proposed by the petitioner.
12. Allow additions/alterations/ changes modifications to the application at a future date.
13. Allow other relief, order or direction, which the Commission deems fit to be issued.
14. Condone any inadvertent omissions/ errors/ shortcomings and permit the Petitioner to add/change/ modify/ alter this filing and make further submissions as may be required at a further date.

3. Brief outline of objections raised, response from MUPL and the Commission's View

3.1 Public Response to the Petition

In response to the Public Notice inviting objections/suggestions from stakeholders on the petition filed by MUPL for True-up for FY 2013-14 and determination of tariff for FY 2015-16, the Commission received objections / suggestions from three stakeholders.

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

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

3.2 Suggestions/objections of MUPL

Issue 1: Carrying costs

Consumer Education and Research Society has stated that the petitioner has assessed carrying costs of Rs. 5.44 Cr for previous four years which should not be allowed as tariff petitions are being filed every year and requested the Commission to disallow the same.

Response of the Petitioner

The recovery of carrying cost is a legitimate expenditure and is allowed based on the financial principle that whenever the recovery of costs is deferred, the gap in cash flow is arranged by the DISCOM from bonds/promoters/accruals is to be paid by way of carrying cost. The Commission, in its tariff order dated 29.5.2014 did not consider the claim of carrying cost in truing up for FY 2012.13 stating that there is no provision for carrying cost in the GERC (MYT) Regulations, 2011. In Appeal Nos. 147 and 148 of 2013 filed by Torrent Power Ltd., the APTEL has held that the State Commission has not allowed carrying cost on the ground that there was no provision for carrying costs in GERC (MYT) Regulations, 2011 and that according to Applicant, this is covered by the earlier judgments of this Tribunal reported as 2011 ELR (APTEL) and in Appeal No. 190 of 2011. The above findings of the Tribunal will apply in the present case too. Accordingly this issue is decided in favour of the Applicants. Considering the above judgement of APTEL, the petitioner requests the Commission to allow to recover the carrying cost on the revenue gaps of earlier years.

Commission's Observation

Carrying cost is to be decided on the facts of the case.

Issue 2: Increase in Demand charges for excess demand and fixed charges for HTMD II

Consumers Education and Research Society has stated that the petitioner has requested for increasing excess demand charges from Rs. 1.25/unit to Rs. 1.50/unit for HTMD I category and increase in HTMD II fixed charges from Rs. 100/unit to Rs. 125/unit. This increase should be rejected as the gap of Rs. 1.42 Cr can be covered through efficient and economical measures.

Response of the Petitioner

In its order dated 29.05.2014, the Commission increased the fixed charges from Rs. 0.75/unit to Rs. 1.10/unit for HTMD I category having 500 KVA contract demand and above. But there was no change in excess demand charges. Hence it is proposed to increase excess demand charge from Rs. 1.25/unit to Rs. 1.50/unit in order to make the consumers to maintain the contract demand and discourage excess drawal of power.

Further the petitioner also proposed to increase fixed charges of HTMD II (Temporary HT) from Rs. 1.00/unit to Rs. 1.25/unit compared to fixed charges of Rs. 1.10/unit of HTMD I category which was approved by the Commission in its order dated 29.5.2014. The rationale for increase in fixed charges is due to its nature of supply being temporary. Fixed charges of HTMD II category (temporary) should not be less than that of permanent connection.

Commission's Observation

The Commission has considered the proposal and taken an appropriate decision.

Issue 3: Fuel Power Purchase Price Adjustment

Consumer Education and Research society has stated that the Commission has approved on FPPPA formula in its order dated 29.05.2014 and requested to intimate the amount in Rs./unit being recovered from consumers as FPPPA charges. The Respondent also objected for inclusion of Renewable Energy Component in the formula which will put additional burden on the consumers.

Laghu Udyog Bharati has stated that the data of compensation as per FPPPA charges recovery is not found.

Response of the Petitioner

The recovery of FPPPA charges has been started from October 2013. The FPPPA for Q3 and Q4 for FY 2013-14 was Rs. 0.10/unit. The FPPPA formula approved by the Commission does not cover Renewable energy component, particularly Renewable Energy Certification, while calculating FPPPA charges, which has considerable impact on the power purchase cost. The petitioner requested the Commission to incorporate the renewable energy component in the FPPPA formula and revise the formula for FY 2015-16 with necessary modifications.

The recovery of FPPPA charges is part of total sales income and it is considered in True-up submitted as per GERC (MYT) Regulations, 2011. The petitioner has already submitted the quarter-wise recovery of FPPPA charges to the Commission for FY 2013-14 and the same was also available on the website of the petitioner.

Commission's Observation

The FPPPA is to recover any change in the power purchase cost.

Issue 4: Residential Tariff States

Consumers Education Research Society has requested the Commission to introduce the following of three slabs to give relief to consumers who consume less units, instead of two tariff slabs, from FY 2015-16.

Slab - 1: 0-100 units

Slab - 2: 101-250 units

Slab - 3: Above 250 units

Response of the Petitioner

Licensee area of the petitioner is new and being a SEZ, residential as well as commercial customer`s penetration will be negligible. The objector is referring to introduction of more slabs to subsidise the low power consuming customers. The petitioner has formulated the entire tariff schedule competitive and simple without any complexity of slabs and the same is also approved by the Commission.

Commission's Observation

The Commission has examined the issue and taken an appropriate decision.

Issue 5: Commercial / LT Industrial Category

Consumers Education and Research Society has objected to two categories of consumers, i.e. Non-demand and Demand based and if this is to be continued the limit of connected load should be increased from existing single phase for Non-Demand based and three phase to Demand based. The objector requested for introduction of the following limits.

Non-Demand based - Up to 15 KW
Demand - Above 15 KW

The objector has also suggested for increase of energy slabs to three from existing two slabs to provide relief to consumers who consume less energy as under from FY 2015-16.

Slab – I 0 – 100 units
Slab – II 101 – units
Slab – III Above 250 units

The objector has suggested that for LT industry also, the limit should be increased for demand based consumers up to 15 KW and above 15 KW for Non-Demand based consumer.

Response of the Petitioner

The Petitioner has formulated its entire tariff schedule competitive and simple without any complexity of slabs and the same is also approved by the Commission.

Commission's Observation

The Commission has taken appropriate decision.

Issue 6: Revision of ARR of MUPL

Laghu Udyog Bharati Gujarat has stated that the ARR should be recalculated in the light of APTEL Judgement in case No. 142 and 168 of 2013.

Response of the Petitioner

The ARR is in line with GERC (MYT) Regulation, 2011 and has no relevance to the judgement of APTEL.

Commission's Observation

The issue raised and response of MUPL are noted.

Issue 7: Return on equity to be considered on paid up capital

Laghu Industries Bharati has stated that return on equity shall be considered on paid up share capital only according to provisions in ARR to be carried out.

Response of the Petitioner

Return on equity is calculated as per the GERC (MYT) Regulations, 2011.

Commission's Observation

The return on equity will be regulated as per GERC (MYT) Regulations, 2011.

Issue 8: Reserve and Surplus to be considered as income.

Laghu Udyog Bharati has stated that the Reserve and Surplus to be considered as income.

Response of the Petitioner

Reserve and surplus is allocation of profit to different heads either as per statutory requirement/applicable accounting practice and requirement accounting standards. Further Reserve and Surplus is merely allocation of profit or accumulated profit over a period of years in different heads and cannot by any means be considered as income.

Commission's Observation

The response of MUPL is noted.

Issue 9: Consideration of current assets as income in ARR

Laghu Udyog Bharati has stated that the current assets to be considered as income in ARR.

Response of the Petitioner

ARR is submitted as per GERC (MYT) Regulations, 2011 and current assets cannot be considered as income in ARR.

Commission's Observation

The ARR is determined in accordance with GERC (MYT) Regulations, 2011.

Issue 10: Incomplete filling of D4 Format

Laghu Udyog Bharati has stated that D4 formats are incomplete and the figures for the units consumed and projected for above contract demand could be verified and requested the Commission to direct MUPL to supply the same.

Response of the Petitioner

D4 format submitted in the petition is the sales for FY 2015-16 and the same is as per GERC (MYT) Regulations, 2011. Excess demand charges above contract demand have not been considered for FY 2015-16.

Commission's Observation

The response of MUPL is noted.

Issue 11: Revenue gap in FY 2013-14 and Power Purchase Cost

Utility Users' Welfare Association has stated that:

1. MUPL has shown less revenue by Rs. 4.96 Cr as revenue gap in FY 2013-14
2. The power purchase cost of Rs. 71.59 Cr for 176.82 MU is Rs. 4.07/unit is very high.

Response of the Petitioner

No comments

Commission's Observation

The Commission approves the cost after due prudence check.

Issue 12: Selling of Power by Adani

Utility Users' Welfare Association has stated that

i) Adani is selling power to GUVNL at Rs. 2.35/unit but the same is procuring power at Rs. 4.07/unit, which is strange.

ii) In the Power Exchange power is available at Rs. 3 to Rs. 3.30/ unit such high power cost should not be allowed.

Response of the Petitioner

The tariff for purchase of power from Adani (P) LTD was determined pursuant to a transparent bidding process under section 63 of EA, 2003 and standard bidding guidelines issued by MOP, GOI. The Commission has adopted the tariff and approved power purchase agreement for medium term from 1.5.2013 to 31.3.2016 in its order dated 26.7.2013 under section 63 of EA, 2003.

The power purchase cost submitted by the petitioner for true-up of FY 2013-14 is based on power purchase agreement approved by the Commission in the order dated 26.07.2013.

Commission's Observation

The response of MUPL is noted

Issue 13: Distribution Loss

Utility User' Welfare Association has stated that distribution loss of 4.06% is very high and when there is no transmission loss the distribution loss should be less. TEL for SEZ – Dahej operates with 0.81% distribution loss with sales of 85.06 MU. The petitioner should be directed to reduce distribution loss in the coming year. MUPL is having sales of 169.64 MU.

Response of the Petitioner

The Commission has approved the distribution loss of 7.50% for FY 2013-2014, against which the actual distribution loss is 4.06%. The distribution loss depends on various factors such as total area of distribution, technical network spread across the area, sales loading on network, voltage level, feeder lengths, load balance etc. It may not appropriate to compare distribution loss of two different licensees having different profile / factors.

Commission's Observation

The response of MUPL is noted.

Issue 14: Distribution Cost

Utility Users' Welfare Association has stated that the distribution cost per unit of MUPL comes to Rs. 1.18 / unit and it is very high compared to the benchmark set by the Forum of Regulations.

Response of the Petitioner

The distribution cost per unit basis may not be an appropriate comparison to justify the cost as it depends on various factors like distribution area, load, number of consumers, sales, optimization. If sales are higher, the distribution cost will be lower and if sales are less, then the distribution cost will be higher.

Commission's Observation

The response of MUPL is noted.

4. Truing up for FY 2013-14

The Petitioner, in its petition for truing up of FY 2013-14, has furnished the actuals of energy sales, expenditure and revenue for FY 2013-14 based on the Audited Annual Accounts for FY 2013-14. It is submitted that the truing up of FY 2013-14 is on the basis of audited accounts.

The Commission has analysed the components of the actual energy sales, expenses and revenue under truing up for FY 2013-14.

GERC (MYT) Regulations, 2011 specify that the Commission shall undertake the truing up of expenses and revenue of licensee for the previous year i.e. FY 2013-14 based on actuals as per Audited Accounts for FY 2013-14 and approved values for FY 2013-14 in the MYT order.

4.1 Energy Sales

Petitioner's Submission:

The Petitioner has submitted that the actual energy sales for FY 2013-14 are 169.64 MU as against approved sales of 240.24 MU in MYT order dated 18.08.2011.

Table 4.1: Actual Energy Sales for FY 2013-14

Particulars	Approved in the MYT Order for FY 2013-14	Actual submitted for FY 2013-14
Energy Sales (MU)	240.24	169.64

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

Commission's Analysis

In view of the above statement of the petitioner, the Commission approves the energy sales of 169.64 MU for FY 2013-14.

4.2 Distribution Loss

Petitioner's Submission

The Petitioner has submitted that it had made all efforts to reduce the distribution loss. The actual distribution loss is 4.06% against 7.50% approved by the Commission in MYT Order. The petitioner further submitted that without sincere efforts it may not be possible to achieve distribution loss as mentioned.

MUPL further submitted the following:

- Distribution loss in the area like MUPL mainly comprises of technical loss. The technical losses in a distribution system are dependent on various factors like network load, voltage level at which energy is drawn, feeder lengths, load balance etc.
- The customers in the SEZ area are spread in different areas. MUPL is establishing distribution network to serve the customers spread in different areas. Variation in distribution loss may occur due to energizing of new network elements charged to cater new customer which have not reached to its optimal loading and also due to modification of existing network for better reliability.
- The addition in network is considering the requirement of the customers as per the contract demand which may remain underutilized and sub-optimally loaded and results into additional loss. This is also justified with the facts of disconnection of consumer with higher load factor during FY 2012-13 and addition of customers with lower load factor and increase in network mainly during the latter part of year FY 2012-13. The brief details are as under:
  - During FY 2012-13, one major consumer with contract demand of 4000 KVA having higher load factor was disconnected which was contributing to lower distribution loss in FY 2012-13.
  - There were additions of few consumers during the latter part of FY 2012-13 and during the FY 2013-14. However, there was no substantial increase in sales from the new consumers in FY 2013-14.
  - In order to supply the consumers and its contract demand, MUPL had to charge its LT and HT network with additional length of cables and other apparatus which leads to increase in the distribution network which is evident from the CAPEX incurred (Rs. 9.65 Crore) during the FY 2012-13 mainly during the latter part of year as compared to Rs. 1.23 Crore during FY 2013-14.
- Thus, over the period of time the assets are increased but the number of consumers and loading on distribution network was not increased at par which leads to under-utilisation of assets there by variation in distribution loss.

Commission's Analysis

The Commission had directed MUPL to do energy audit and give the correct distribution loss figures. However, MUPL is yet to submit the report of the same. Hence, the distribution losses as claimed by MUPL at 4.06% is approved for the purpose of true-up for FY 2013-14. Any gain / loss on account of distribution losses cannot be considered as the projections made in ARR were ad hoc.

In the view of the above, the Commission approves the distribution loss at 4.06% for FY 2013-14.

4.3 Energy Requirement

Petitioner's Submission

Based on the energy sales and the actual transmission and distribution loss for FY 2013-14, the Petitioner has calculated the energy requirement for FY 2013-14. The energy requirement as approved for FY 2013-14 in the MYT Order and actuals now submitted by the Petitioner are as given in the Table below:

Table 4.2: Energy Requirement as Submitted by MPSEZ for FY 2013-14

Sl. No.	Particulars	Unit	Approved in MYT Order for FY 2013-14	FY 2013-14 Actual submitted
1	Energy Sales	MU	240.24	169.64
2	Distribution Loss	(%)	7.50%	4.06%
		MU	19.48	7.18
3	Energy Requirement	MU	259.72	176.82
4	Transmission Loss	(%)	4.20%	0.00%
		MU	11.39	0.00
5	Total Energy to be input to the transmission system	MU	271.11	176.82

It is submitted by MUPL that as against the approved energy requirement of 271.11 MU for FY 2013-14 with transmission loss at 4.20% and estimated distribution loss of 7.50%, the actual energy requirement is 176.82 MU based on actual distribution loss of 4.06%. MUPL has submitted that the actual transmission loss for FY 2013-14 was Nil.

Commission's Analysis

The actual sales for FY 2013-14 is 169.64 MUs. The Commission has approved the distribution loss at 4.06% in Para 4.2 above. It is noted that the transmission loss is Nil. The Commission computed the energy requirement with distribution loss of 4.06% (7.18 MU) for FY 2013-14 based on actuals as given in Table below:

Table 4.3: Energy Requirement Approved by the Commission for truing up for FY 2013-14

Sl. No.	Particulars	Unit	Approved in MYT Order for FY 2013-14	Actuals Submitted in truing up for FY 2013-14	Approved in truing up for FY 2013-14
1	Energy Sales	MU	240.24	169.64	169.64
2	Distribution Loss	%	7.50%	4.06%	4.06%
		MU	19.48	7.18	7.18
3	Energy Requirement	MU	259.72	176.82	176.82
4	Transmission Loss	%	4.20%	0.00%	-
		MU	11.39	0.00	-
5	Energy Required	MU	271.11	176.82	176.82

The Commission approves the energy requirement of 176.82 MU for truing up for FY 2013-14 as per actuals.

4.4 Availability of Power and Power Purchase Cost

Petitioner's Submission

MUPL has submitted that the requirement of power is met through bilateral purchase during FY 2013-14. The quantum of UI power on account of deviation from the schedule purchase has been accounted to the total energy procured.

Commission's Analysis

As verified from the Annual Accounts for FY 2013-14, MUPL has incurred power purchase cost of Rs. 71.89 Crore to purchase 176.82 MU of power during FY 2013-14 including 2.90 MU under UI. Based on the power purchase cost of Rs. 71.89 Crore, the average power purchase cost works out to Rs. 4.07 / kWh.

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

Table 4.4: Availability of Power and Power Purchase Cost for FY 2013-14

Sl. No.	Particulars	FY 2013-14		
		Approved in MYT Order for FY 2013-14	Actuals Submitted in truing up for FY 2013-14	Approved in truing up for FY 2013-14
1	Bilateral Power Purchased (MU)	271.11	173.92	173.92
2	UI Purchase (MU)	-	2.90	2.90
3	Total Energy Available (MU)	271.11	176.82	176.82
4	Power Purchase cost (Rs. Cr)	101.40	71.89	71.89
5	Average Power Purchase Cost (Rs. kWh)	3.74	4.07	4.07

The Commission, accordingly, approves the power purchase cost of Rs. 71.89 Crore in the truing up for FY 2013-14.

Table 4.5: Power Purchase cost approved by the Commission for truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Submitted in the truing up)	FY 2013-14 (Approved in Truing up)
1	Total Power Purchase Cost	101.40	71.89	71.89

4.4.1 Gains/ (Losses) due to Power Purchase Cost

The approved Gains/ (Losses) – Power Purchase expenses for truing up for FY 2013-14.

Table 4.6: Gains / (Losses) of Power Purchase cost approved by the Commission for truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Approved in True-up)	Deviation	Gains/(Losses) due to uncontrollable factors
1	Total Power Purchase Cost	101.40	71.89	29.51	29.51

4.5 Capital Expenditure Plan

Petitioner's Submission

The actual capitalization for FY 2013-14 was Rs. 0.78 Crore (net of consumer contribution of Rs. 0.44 Crore towards Service Line Contribution (SLC) against a total capitalization of Rs. 26.63 Crore approved in MYT order dated 18th August, 2011 for FY 2013-14.

It is submitted that the lower capital expenditure compared to approved is mainly on account of lower materialization of consumers projections and less demand achieved compared to projections. Only 39 consumers were operational during FY 2013-14 against 65 numbers of consumers considered in the MYT Order. The variation in CAPEX for FY 2013-14 was due to deferment in consumer projection and overall slowdown which had deferred the capitalisation of various assets like automation and SCADA, IT, Buildings and other civil works for 220 KV, 33 KV and 11 KV network. MUPL has further submitted that the consumer contribution for service lines at Rs. 0.44 Crore was deducted from the capital expenditure. Based on the above MUPL has furnished the details of actual capital expenditure incurred during FY 2013-14 against estimate as given in Table below:

Table 4.7: Capital Expenditure as furnished by MUPL for truing up FY 2013-14

(Rs. Crore)

Sl. No.	Particular	FY 2013-14	
		Approved in MYT Order	Actual submitted
A	**EHV (220 kV & 66 kV)**		
	EHV Transmission line	3.67	-
	EHV Transmission Cable	-	0.51
	EHV Substation	9.13	0.39
	Land Cost	-	-
	Civil Cost	3.37	-
	Total	**16.18**	**0.90**
B	**HT (33 kV & 11 kV) & NETWORK**		
	33 kV HT cable Network	2.09	-
	11 kV HT cable Network	-	0.33
	33 / 11 kV HT Substation	5.01	-
	Land Cost	-	-
	Civil Cost	-	-
	Total	**7.10**	**0.33**
C	**Others**		
	Automation & SCADA	1.36	-
	Testing and Measuring Equipment	0.27	
	IT	0.24	-
	Meters & AMR	0.02	-
	Miscellaneous	0.55	-
	Buildings & other civil work	0.92	-
	Total	**3.36**	**-**
D	**Grand Total**	**26.63**	**1.23**
	Less: SLC	-	0.44
E	**Net CAPEX**	**26.63**	**0.78**

Commission's Analysis:

The Commission observes that there is considerable variation in the capital expenditure/capitalization in projections for FY 2013-14 and actuals. The reasons for lower CAPEX are explained by MUPL as stated above.

The Commission has verified the Audited Annual Accounts for FY 2013-14 and it is observed that the actual capital expenditure incurred is Rs. 1.23 Crore and the consumer contribution towards service line charges during FY 2013-14 is Rs. 0.44 Crore. The Commission considers the capital expenditure, capitalisation of CAPEX and funding thereon as detailed in the Table below:

Table 4.8: Capitalisation and Funding approved in the truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Submitted in truing up for FY 2013-14	Approved in truing up for FY 2013-14
1	Capitalization	1.23	1.23
2	Less: Consumer Contribution	0.44	0.44
3	Balance Capitalization	0.78	0.79
4	Debt (70%)	0.54	0.55
5	Equity (30%)	0.23	0.24

4.6 Operations and Maintenance Expenses

Petitioner's Submission:

The Operations and Maintenance expenses comprise the Employee cost, Administration and General expenses and Repairs and Maintenance expenditure. The actual Operations and Maintenance expenses furnished by MUPL are given in Table below:

Table 4.9: Operations and Maintenance Expenses

(Rs. Crore)

Particulars	Approved in MYT Order for FY 2013-14	Claimed in truing up for FY 2013-14
Total O&M Expenses	5.86	8.00

The petitioner has submitted that the higher actual O&M is mainly due to higher inflation rate coupled with business growth. It is stated that WPI for FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-14 was 9.56%, 8.94%, 7.35% and 5.98% respectively and the weighted average worked out to 7.96%. The CPI for FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-14 was 10.45%, 8.39%, 10.44% and 9.68% respectively and the weighted average for the above 4 years works out to 9.74%. MUPL has worked out the actual weighted average inflation rate at 8.67% for FY 2013-14 considering 60% and 40% weightage to WPI and CPI respectively.

MUPL has referred to the Hon'ble APTEL's order in the case of Torrent Energy Limited vs. GERC dated 03.07.2013. The extract of para 49 are as given below:

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

taking into account actual expenses for the previous years and additional expenses on the additional infrastructure proposed during the period. Accordingly, directed."

The petitioner has requested that the entire variation in O&M Expenses should be considered as uncontrollable and approve the O&M Expenses of Rs. 8.00 Crore for FY 2013-14 and allow variation as uncontrollable for the purpose of truing up.

Commission's Analysis:

The Commission has verified the elements of O&M Expense from the Audited Annual Accounts. The O&M Expenses for FY 2013-14 are Rs. 7.89 Crore.

The Commission, accordingly, approves the O&M expenses at Rs. 7.89 Crore in the truing up for FY 2013-14 as per actuals.

4.7 Depreciation

Petitioner's Submission

MUPL has submitted that the depreciation is computed on the fixed assets based on straight-line method as prescribed in the Regulations and at depreciation rates as per GERC (MYT) Regulations, 2011. The depreciation approved in the MYT order for FY 2013-14 and the actuals now submitted by MUPL in the petition for FY 2013-14 are given in the Table below:

Table 4.10: Fixed assets and Depreciation claimed in the truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particular	Approved in MYT Order for FY 2013-14	Actual submitted for FY 2013-14
1	Gross Block at the beginning of the year	133.14	81.79
2	Addition during the year (Net)	26.63	1.23
3	**Depreciation for the year**	**7.52**	**3.73**

Commission's Analysis:

MUPL has submitted the actual depreciation at Rs. 3.73 Crore in the truing up for FY 2013-14. MUPL has claimed the depreciation on the gross fixed assets net of assets acquired through consumer contribution.

As per the Audited Annual Accounts the depreciation for FY 2013-14 is Rs. 4.27 Crore.

MUPL has deducted the depreciation in respect of assets acquired through consumer contribution and claimed the net depreciation of Rs. 3.73 Crore in the truing up for FY 2013-14.

The Commission, accordingly, approves Rs. 3.73 Crore towards depreciation for FY 2013-14.

4.8 Interest Expenses on Loans

Petitioner's Submission:

MUPL has submitted that it has not availed any loan for capital works. As the funding was arranged through own sources, MUPL has computed normative loan considering the capital investment norm with debt equity ratio of 70:30. Hence, deemed loan has been taken at 70% of the capitalization during the FY 2013-14 net of consumer contribution as detailed in Table below:

Table 4.11: Interest on loan claimed in truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	As approved in MYT Order for FY 2013-14	Actual claimed for FY 2013-14
1	Opening Loan	83.18	40.07
2	Addition of new loan during the year	18.64	0.55
3	Loan Repayment	7.52	3.73
4	Cumulative Loan / Closing Loan	94.30	36.89
5	Average Loan	88.74	38.48
6	Interest on loan	9.32	4.04

MUPL has further stated that the normative interest is being computed on the average balance normative loan during FY 2013-14. The rate of interest of 10.50% is claimed on normative loan.

Commission's Analysis:

The Commission has examined the sources of funding the capitalization as per the approved debt equity ratio of 70:30. The capitalisation net of consumer contribution is Rs. 0.79 Crore as approved in para 4.5 above and the normative debt at 70% works out to Rs. 0.55 Crore. Repayment of loan is considered equal to depreciation of Rs. 3.73 Crore. MUPL has not drawn any loans. The Commission considers the interest on normative loan at 10.50% as approved in the MYT Order dated 18th August, 2011. The interest on normative loan works out to Rs. 4.04 Crore and other charges are Rs. 0.11 Crore as per audited accounts as detailed in Table below:

Table 4.12: Interest on Loans approved in the truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	FY 2013-14
1	Opening Loan	40.07
2	Addition of new loan during the year	0.55
3	Loan Repayment	3.73
4	Closing Loan	36.89
5	Average Loan	38.48
6	Interest on Loan @ 10.50%	4.04
7	Bank commission and other interest charges	0.11
8	Interest on loans and other charges	4.15

The Commission, accordingly, approves interest on normative loan at Rs. 4.15 Crore including bank commission and other charges in the truing up for FY 2013-14.

4.9 Interest on Security Deposits

Petitioner's Submission

MUPL has submitted that the consumer contribution to security deposit depends on addition of new consumers and their load growth from time to time. The actual amount of security deposit and the corresponding interest calculated at the rate of 8.50% for FY 2013-14 are given in Table below:

Table 4.13: Interest on Security Deposit claimed by MUPL for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order for FY 2013-14	Actual claimed for FY 2013-14
1	Average Consumers Deposit	23.74	10.28
2	Interest Cost	1.42	0.87

Commission's Analysis

The interest on consumer deposit submitted by MUPL is examined. The interest actually paid to customers, as per audited annual accounts is Rs. 0.87 Crore.

The Commission, accordingly, approves the interest paid to customers on security deposit at Rs. 0.87 Crore in the truing up for FY 2013-14.

4.10 Interest on Working Capital

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

The working capital computed as per GERC (MYT) Regulations, 2011 is Rs. 8.88 Crore which is less than the security deposit amount of Rs. 10.28 Crore. As such no interest on working capital is claimed as detailed in Table below:

Table 4.14: Interest on Working Capital claimed for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT order for FY 2013-14	Actual claimed in truing up FY 2013-14
1	O&M Expenses	0.49	0.67
2	Spares at 1% of GFA	1.33	0.82
3	Receivables	9.95	7.40
4	Working Capital	11.77	8.88
5	Less Security Deposit	23.73	10.28
6	Interest on Working Capital @14.45 %	-	-

Commission's Analysis:

The Commission has examined the working capital and interest there on as per norms specified in the GERC (MYT) Regulations, 2011. The applicable rate of interest being the Short-Term prime-lending rate of SBI on 1st April, 2013 is 14.45 %.

However, as the average security deposit from the consumers is Rs. 10.50 Crore ((Opening: Rs. 10.47 Crore + Closing: Rs. 10.53 Crore) / 2) held by MUPL is more than the working Capital required, the Commission has not considered any interest on working capital for FY 2013-14.

4.11 Return on Equity

Petitioner's Submission

MUPL has submitted that the equity for FY 2013-14 has been determined on the capital additions during the year and the equity contribution towards these additions.

The return on equity has been computed as per Regulation 38 of GERC (MYT) Regulations, 2011 by applying regulated return of 14% on the average of opening and closing balance of equity for FY 2013-14 as given in Table below:

Table 4.15: Return on Equity claimed for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved in Tariff order for FY 2013-14	Actual claimed for FY 2013-14
1	Opening Equity	39.94	19.89
2	Addition to Equity towards Capital Investment	7.99	0.23
3	Closing Balance of Equity	47.93	20.12
4	Average Equity	43.93	20.00
5	RoE at 14% on average	6.15	2.80

Commission's Analysis

The Commission has examined the RoE claimed for FY 2013-14. The opening equity is taken as Rs. 19.89 Crore being the closing equity for FY 2012-13 and the equity addition during FY 2013-14 is Rs. 0.24 Crore as noted in para 4.5. The RoE is worked out as detailed in Table below:

Table 4.16: Return on Equity approved by the Commission for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved in Truing up for FY 2013-14
1	Opening Equity	19.88
2	Additions to Equity towards Capital Investment	0.24
3	Closing Equity	20.12
4	Average Equity	20.00
5	RoE @ 14% on average	2.80

The Commission approves the return on equity at Rs. 2.80 Crore in the truing up for FY 2013-14.

4.12 Income Tax

MUPL has claimed Income Tax at Rs. 1.01 Crore in the truing up for FY 2013-14. The income tax as per audited account for FY 2013-14 is Rs. 1.01 Crore.

The Commission approves the income tax at Rs. 1.01 Crore as per audited accounts for FY 2013-14.

4.13 Contingency Reserve

MUPL has submitted that a provision of Rs. 0.35 Crore was approved in MYT order dated 18.08.2011 for FY 2013-14. But MUPL has not considered any amount towards the contingency reserve in True-up petition FY 2013-14.

4.14 Non-Tariff Income

Petitioner's Submission

MUPL has submitted that the actual Non-Tariff income is Rs. 0.43 Crore as against Rs. 0.08 Crore approved in MYT Order for FY 2013-14.

Commission's Analysis

Non-Tariff Income comprises of meter rent, misc. income and other income. As per Audited Annual accounts the Non-Tariff income is Rs. 0.43 Crore.

The Commission therefore, approves the Non-Tariff income at Rs. 0.43 Crore in the truing up for FY 2013-14 as per actuals.

4.15 Revenue from Sale of Power to Consumers

Petitioner's Submission

MUPL has furnished the revenue from sale of power to the consumers at Rs. 88.75 Crore in the truing up for FY 2013-14 against Rs. 126.10 Crore approved in MYT order dated 18.08.2011 for FY 2013-14 as detailed in Table below:

Table 4.17: Projected Revenue from Sale of Power for FY 2013-14

(Rs. Crore)

Particulars	Approved in MYT order for FY 2013-14	Actual claimed for FY 2013-14
Revenue from Sale of Power	126.10	88.75

The revenue from sale of power as per Audited Accounts is Rs. 88.75 Crore.

The Commission, accordingly, approves the revenue from sale of power at Rs. 88.75 Crore in the truing up for FY 2013-14 as per actuals.

4.16 Summary of ARR and sharing of gains and losses for FY 2013-14

Petitioner Submission

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

The expenses approved in MYT order and now approved in truing up based on actuals for FY 2013-14 and the gains/losses due to controllable/uncontrollable are furnished in Table below:

Table 4.18: Controllable & Uncontrollable variations for FY 2013-14 claimed by MUPL

(Rs. Crore)

Particulars	FY 2013-14				
	Approved in MYT Order	**Actual submitted**	**Over (+) /Under (-) recovery**	**Gain/ (Loss) due to controllable factor**	**Gain/(Loss) due to uncontrollable factor**
Power purchase Expenses	101.40	71.89	29.51	2.71	26.80
O&M Expenses	5.86	8.00	(2.41)	0.00	(2.41)
Depreciation	7.52	3.73	3.79	0.00	3.79
Interest on Long Term loans	9.32	4.04	5.28	0.00	5.28
Interest on Security Deposit	1.42	0.87	(0.55)	0.00	0.55
Interest on working capital	0.00	0.00	0.00	0.00	0.00
Provision for bad debts	0.00	0.00	0.00	0.00	0.00
Contingency Reserve	0.35	0.00	0.35	0.00	0.35
Income Tax	0.00	1.01	(1.01)	0.00	(1.01)
Return on Equity @ 14%	6.15	2.80	3.35	0.00	3.35
Less: Non-Tariff Income	0.08	0.43	(0.35)	0.00	(0.35)
ARR	**131.94**	**91.91**	**40.04**	**2.71**	**37.33**

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

The variation in O&M expenses are treated as uncontrollable. The variations in ROE, interest and depreciation are on account of variation in capitalization and hence treated as uncontrollable. The variations in contingency reserve and Non-Tariff income are treated as uncontrollable.

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

Table 4.19: Sharing of gains and losses claimed by MUPL for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Pass through by adjustment in tariff	To be retained / absorbed	Total
1	Controllable gain	0.90	1.81	2.71
2	Uncontrollable gain	37.33	-	37.33
3	**Total**	**38.23**	**1.81**	**40.04**

The revised ARR and the net revenue gap claimed by MUPL in the truing up for FY 2013-14 are given in the following Tables

Table 4.20: Trued up ARR for FY 2013-14 submitted by MUPL

(Rs. Crore)

Particulars	Submitted by MUPL for FY 2013-14
ARR approved in MYT order for FY 2013-14(a)	131.94
Less: Gain on account of controllable factor to be passed to consumers (1/3rd) (b)	0.90
Less: Gain on account of uncontrollable (c)	37.33
ARR trued up of FY 2013-14 [(d)=a-(b+c)]	**93.72**

Table 4.21: Consolidated Revenue Gap claimed for FY 2013-14 submitted by MUPL

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order	Actual submitted
1	Annual Revenue Requirement	131.94	93.72
2	Less: Revenue from Sale of Power	126.10	88.75
3	**Net Revenue Gap / (Surplus)**	**5.84**	**4.96**

The Total Revenue gap claimed for FY 2013-14 along with carrying cost and the revenue surplus is detailed in the Table below:

Table 4.22: Consolidated Revenue Gap claimed by MUPL

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order	Actuals claimed by MUPL
1	Approved Revenue Gap of FY 2010-11	1.77	1.77
2	Carrying cost @13 % (As on 01.04.2011)		0.23
3	Approved Revenue Gap of FY 2011-12	7.35*	7.35
4	Carrying cost @14.75 % (As on 01.04.2012)		1.08
5	Approved Revenue Gap of FY 2012-13		5.93
6	Carrying cost @14.75 % (As on 01.04.2013)		0.86
7	Consolidated Revenue Gap of FY 2010-11, 2011-12 & 2012-13	15.04	17.22
8	Revenue Gap of FY 2013-14		4.96
9	Carrying cost @14.75 % (As on 01.04.2014)		3.27
10	**Total Gap / (Surplus) of FY 2013-14**		**25.46**

Note: *the gap of FY 2010-11 and FY 2011-12 of Rs. 9.11 Crore is approved by the Commission vide letter dated 02.12.2013 in the review petition No. 1346/2013 filed by the Petitioner.*

MUPL has submitted that carrying cost is a legitimate expenditure of the distribution companies and the carrying cost is allowed based on the financial principle that whenever the recovery of gap in cash flow arranged by the distribution company from leaders / promoters / accruals is to be paid by way of carrying cost. MUPL has requested to consider judgments of the Hon'ble Tribunal dated 30.05.2014 for Appeal No. 147, 148 and 150 of 2013 by Torrent Power Limited. The relevant abstracts of the judgment are reproduced below:

"3 (B) Disallowance of carrying cost (raised in Appeal Nos. 147 and 148 of 2013)

The Appellant has challenged the impugned order on the ground that the State Commission has not allowed the carrying cost on the revenue gap determined. The state Commission has not allowed the carrying cost on the ground that there was no provision for carrying cost in the MYT Regulations. According to the Appellant, this issue is covered by the earlier judgements of this Tribunal reported as 2011 ELR (APTEL) 0336 and in Appeal no. 190 of 2011.

21. The above findings of the Tribunal will apply to the present case too. Accordingly, this issue is decided in favour of the Appellant."

Commission Analysis

The Commission reviewed the performance of MUPL under Regulation 22 of GERC (MYT) Regulations, 2011 with reference to the Audited Annual Accounts for FY 2013-14.

The Commission has computed the sharing of gains and losses for FY 2013-14 based on the truing up for each of the components discussed in the above paragraphs.

The ARR approved for FY 2013-14 in the MYT order dated 18th August, 2011, and claimed by MUPL in truing up (gains/losses), computed in accordance with GERC (MYT) Regulations, 2011 are given in the Table below:

Table 4.23: ARR Approved in respect of MUPL in the truing up for FY 2013-14

(Rs. Crore)

Particulars	FY 2013-14					
	Approved in the MYT order	Claimed in truing up	Approved in truing up	Over (+) /Under (-) recovery	Gain/ (Loss) due to controllable factor	Gain/(Loss) due to uncontrollable factor
Power purchase Expenses	101.40	71.89	71.89	29.51	0.00	29.51
O&M Expenses	5.86	8.00	7.89	(2.03)	(2.03)	0.00
Depreciation	7.52	3.73	3.73	3.79		3.79
Interest on Long Term loans	9.32	4.04	4.15	5.17		5.17
Interest on Security Deposit	1.42	0.87	0.87	0.55		0.55
Interest on working capital	0.00	0.00	0.00	0.00		0.00
Provision for bad debts	0.00	0.00	0.00	0.00		0.00
Contingency Reserve	0.35	0.00	0.00	0.35		0.35
Income Tax	0.00	1.01	1.01	(1.01)		(1.01)
Return on Equity @ 14%	6.15	2.80	2.80	3.35		3.35
Less: Non-Tariff Income	0.08	0.43	0.43	(0.35)		(0.35)
ARR	**131.94**	**91.91**	**91.91**	**40.03**	**(2.03)**	**42.06**

Summary of Trued up ARR of FY 2013-14 to be recovered by MUPL after incorporation of sharing of Gains/Losses is as detailed in Table below:

Table 4.24: Trued up ARR for FY 2013-14

(Rs. Crore)

Particulars	Approved by the Commission for FY 2013-14
ARR approved in MYT order for FY 2013-14 (a)	131.94
Add: Loss on account of controllable factor to be passed to consumers (1/3rd) (b)	0.68
Less: Gain on account of uncontrollable factor (c)	42.06
ARR trued up of FY 2013-14 [(d)=a-b-c]	**90.56**

The trued up ARR for FY 2013-14 is Rs. 90.56 Crore after sharing of gains and losses for FY 2013-14.

The revenue from the existing tariff has been considered at Rs. 88.75 Crore for FY 2013-14. The Commission considers the revenue from sale of power at Rs. 88.75 Crore as per Audited Annual Accounts.

The Net revenue gap claimed for FY 2013-14 is given in the Table below:

Table 4.25: Net Revenue Gap approved by the Commission for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved by the Commission for FY 2013-14
1	Annual Revenue Requirement (Trued up)	90.56
2	Revenue from Sale of Power	88.75
3	**Net Revenue (Gap) / Surplus (2-1)**	**(1.81)**

Accordingly, the Commission approves the trued up gap of FY 2013-14 as Rs. 1.81 Crore against Rs. 4.96 Crore claimed by MUPL. This trued up gap is considered by the Commission for determination of tariff for FY 2015-16.

Apart from the revenue gap of Rs. 4.96 Crore claimed by MUPL in the truing up for FY 2013-14, MUPL has also claimed Rs. 20.50 (25.46-4.96) Crore towards revenue gap for the earlier years of FY 2010-11, FY 2011-12 and FY 2012-13 along with carrying cost as detailed in table 4.22 above.

The Commission would like to clarify that the Commission had taken into consideration the revenue gap of Rs. 1.76 Crore in the truing up for FY 2010-11 and Rs. 6.86 Crore in the truing up of FY 2011-12 and addressed the consolidated gap of Rs. 8.62 Crore (1.76+6.86) up to FY 2011-12 by revising the energy charges of

HTMD-I, vide Table 5.7 and Para 5.4 of the Tariff order dated 20th May, 2013, aimed at achieving additional revenue of Rs. 8.69 Crore.

Similarly, the Commission had taken into consideration the entire Revenue Gap of Rs. 23.89 Crore in determination of tariff for FY 2014-15 which included Rs. 15.04 Crore revenue gap approved in the truing up for FY 2012-13. The total gap of Rs. 23.89 Crore was addressed by revising the tariffs aimed at achieving additional revenue of Rs. 24.30 Crore. The Commission has not left any revenue gap unrecovered up to true-up of FY 2012-13. Hence, the question of considering revenue gap of earlier years including the carrying cost does not arise.

5. Determination of Tariff for FY 2015-16

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus as well as consumer tariff for the FY 2015-16 for MUPL. 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	MYT Order Approved	Projected in Mid-term Review	Approved in Mid-term Review
1	Power Purchase Expenses	329.50	134.02	141.71
2	O&M Expenses	**6.55**	**11.39**	7.5
2.1	Employee Expenses		3.69	
2.2	R& M Expenses		2.16	
2.3	A&G Expenses		5.54	
3	Depreciation	8.85	6.44	5.77
4	Interest on Long Term Loans	9.38	9.40	6.48
5	Interest on Security Deposit	5.08	4.48	4.48
6	Interest on Working Capital	-	0.00	0
7	Provision for bad debts	-	0.00	0
8	Contingency Reserve	0.50	0.87	0.63
9	Income Tax	-	1.32	0.13
10	**Revenue Expenditure**	**359.86**	**167.91**	**166.70**
11	Return on Equity @14%	7.18	5.27	4.99
12	Less: Non-Tariff Income	0.13	0.03	0.1
13	**ARR**	**366.91**	**173.14**	**171.59**

5.3 Projected Revenue from existing tariff for FY 2015-16 and Revenue Gap

MUPL has projected the consolidated Revenue gap at Rs. 1.42 Crore for FY 2015-16 with existing Tariff as given in the Table below:

Table 5.2: Revenue gap for FY 2015-16 with existing Tariff

(Rs. Crore)

Sl. No.	Parameter	FY 2015-16 (Projected)
1	Approved ARR for FY 2015-16	171.59
2	Add: Revenue gap of previous year with carrying cost	25.46
2	Revenue from existing tariff for FY 2015-16	195.63
3	Revenue Gap / (Surplus) in FY 2015-16	1.42

Commission's Analysis

Detailed calculation for the estimated sales revenue for FY 2015-16 is given in Form D-4 of the petition. The average sale rate per kWh is Rs. 6.25 /kWh as against actual sale rate of Rs. 5.223/kWh during FY 2013-14.

The Commission approves the revenue estimated at Rs. 195.63 Crore for FY 2015-16 as detailed in the Table below:

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

Table 5.3: Revenue approved with existing tariff for FY 2015-16

Sl. No.	Parameter	Unit	Approved in Mid-term Review
1	Approved Sales for FY 2015-16	MU	313
2	Approved Sales rate for FY 2013-14	Rs./kWh	6.25
3	Revenue at existing Tariff	Rs. Crore	195.63

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 has sales revenue at Rs. 195.63 Crore 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 with existing Tariff

(Rs. Crore)

Sl. No.	Parameter	Approved for FY 2015-16
1	Aggregate Revenue Requirement for FY 2015-16 approved in Mid-term Review	171.59
2	Add: Revenue Gap from True-up of FY 2013-14	1.81
3	**Total Aggregate Revenue Requirement**	**173.40**
4	Revenue with Existing Tariff	195.63
5	**(Gap) / Surplus (4-3)**	22.23
6	Less: Consolidate gap for FY 2010-11, 2011-12 and FY 2012-13 with carrying cost	
7	**Total (Gap) / Surplus for FY 2015-16 (5-6)**	22.23

The Commission approves a Revenue Surplus of Rs. 22.23 Crore for FY 2015-16.

The truing up of FY 2013-14 has revealed a revenue gap of Rs. 1.81 Crore. MUPL has estimated the revenue with existing tariff at Rs. 195.63 Crore against the ARR of Rs. 171.59 Crore as approved for FY 2015-16 in the Mid-term Review order dated 29.05.2014 which clearly indicates a revenue surplus of Rs. 24.04 Crore for FY 2015-16. Taking into consideration the approved revenue gap of Rs. 1.81 Crore in the truing up of FY 2013-14, the revenue surplus estimated for FY 2015-16 is Rs. 22.23 Crore. In view of this surplus, the Commission decides to reduce the tariff for all the categories by 50 paise / unit for the energy charges. This will still leave a surplus of Rs. 6.58 Crore which shall be addressed in future true-up.

6. Wheeling charges and Cross Subsidy Surcharge

6.1 Wheeling Charges

Regulation 88.1 of GERC (MYT) Regulations, 2011, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR and Tariff order.

Petitioner's Submission

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

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

a. ARR of Wheeling Business – Rs. 21.18 Crore

b. ARR of Retail Supply Business – Rs. 150.41 Crore

Determination of Wheeling Charges

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

It is submitted by MUPL-D that;

- The GFA of MUPL at the end of FY 2013-14 is Rs. 83.01 Crore. The GFA identified for HT & LT business are Rs. 82.47 Crore & Rs. 54 Crore, respectively. The ratio of HT assets to LT assets is 99.40:0.60, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.
- Further as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak.
- The system peak demand for MUPL for the year FY 2013-14 is 32.06 MW. In case of MUPL, the contract demand for all the HT consumers is about 44.25 MVA. Assuming that 99% of the contact demand of HT consumers contributes to the system peak demand, the total demand of HT contributing to the system peak is computed as 31.62 MW and the peak demand of LT is 0..44 MW.
- To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charge determined in terms of Rs/ kW/ Month has been tabulated below:

Table 6.2: Projected Wheeling charges in cash of MUPL area for FY 2015-16

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	20.89
LT Voltage	0.29
Total	21.18
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	50.60
LT Voltage	0.58
Total	21.18
Wheeling Charge in Rs/ kW/ month	
HT Voltage	542.93
LT Voltage	1093.48

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

Table 6.3: Proposed Wheeling charges of MUPL in kind

Particulars	FY 2015-16 MUPL Area
HT Category	4.50%
LT Category	7.00%

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

Commission's Analysis

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

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

Table 6.4: Allocation of matrix for segregation to Wheeling and Retail Supply for MUPL for FY 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

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

Table 6.5: Allocation of ARR between wheeling and retail supply business for MUPL for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power purchase expenses	141.71	0.00	141.71
2	O&M expenses	7.49	4.56	2.94
	i) Employee expenses	2.43	1.46	0.97
	ii) R&M expenses	1.42	1.28	0.14
	ii) A&G expenses	3.64	1.82	1.82
3	Depreciation	5.77	5.19	0.58
4	Interest on loan	6.48	5.83	0.65
5	Interest on consumer security deposit	4.48	0.45	4.03
6	Interest on working capital	0.00	0.00	0.00
7	Provision for bad debt	0.00	0.00	0.00
8	Income tax	0.13	0.12	0.01
9	Contribution to contingency reserve	0.63	0.63	0.00
10	Return on equity	4.99	4.49	0.50
12	Less: Non-Tariff income	0.10	0.09	0.01
13	**Net ARR**	171.59	21.18	150.41

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

Table 6.6: Wheeling charges for HT voltage level

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	21.04
LT Voltage	0.14
Total	21.18
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	20.75
LT Voltage	0.43
Total	21.18
Wheeling Charge in Rs/ kW/ month (For Long-term and Medium-term Open Access consumers)	
HT Voltage	546.87
LT Voltage	807.78
Wheeling Charge in Rs/ kWh (For Short-Term Open Access consumers)	
HT Voltage	0.67
LT Voltage	0.98

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

Table 6.7: Approved Wheeling charges in kind

Particulars	FY 2015-16 MUPL Area
HT Category	4.50%
LT Category	7.00%

6.2 Cross Subsidy Surcharge

Petitioner's Submission

MUPL has submitted proposal for the cross subsidy surcharge based on the formula enumerated in the tariff policy as under;

Table 6.8: Cross subsidy surcharge submitted by MUPL for FY 2015-16

Sl. No.	Particulars	HT Industry
1	T	6.27
2	C	4.17
3	D	0.67
4	L	4.50%
5	S = Cross subsidy surcharge	Rs. 1.25/kWh

Commission's Analysis

The cross subsidy surcharge based on the formula given in the Tariff Policy is as 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 cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power.

D is the Wheeling charges.

L is the system losses for the applicable voltage level, expressed as percentage.

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

Table 6.9: Cross subsidy surcharge approved by the Commission for FY 2015-16

Sl. No.	Particular	HT industry
1	T	Rs. 6.21 / kWh
2	C	Rs. 4.17 /kWh
3	D	0.67 Rs/kWh
4	L	4.50%
5	S = cross subsidy surcharge	1.18 Rs/kWh

Cross subsidy surcharge

For H.T. : S=6.21-[4.17(1+4.5/100)+0.67] = Rs. 1.18/kWh

7. Fuel and Power Purchase Price Adjustment

7.1 Fuel and Power Purchase Price Adjustment

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

7.1.1 Formula

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

Where,

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

7.1.2 Base Price of Power Purchase (PPCB)

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

Year	Total Energy Requirement (MU)	Approved Power Purchase cost (Rs Crore)	Power Purchase Cost per unit (Rs/kWh)
FY 2015-16	327	141.71	4.33

As mentioned above the base Power Purchase cost for MUPL is Rs. 4.33 per kWh and the base FPPPA charge is NIL.

MUPL may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 7.1.1 above.

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

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

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

8. Directives

8.1 The Commission issues a fresh directive in respect of energy audit to the licensee as given below.

Fresh Directive

Directive

The Energy Audit to be carried out during FY 2015-16 and report to be submitted to the Commission.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for MPSEZ Utilities Pvt. Ltd. (MUPL) for FY 2015-16, as shown in the Table below:

Approved ARR for MUPL for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	2015-16
1	Power Purchase Expenses	141.71
2	O&M Expenses	7.5
3	Depreciation	5.77
4	Interest on Long Term Loans	6.48
5	Interest on Security Deposit	4.48
6	Interest on Working Capital	0
7	Provision for bad debts	0
8	Contingency Reserve	0.63
9	Income Tax	0.13
10	**Revenue Expenditure**	**166.70**
11	Return on Equity @14%	4.99
12	Less: Non-Tariff Income	0.1
13	**ARR**	**171.59**

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

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

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

Place: Gandhinagar
Date: 31/03/2015

ANNEXURE: TARIFF SCHEDULE

Tariff Schedule for Adani Ports and SEZ Ltd License area of MPSEZ Utilities Pvt. Ltd.

Effective from 1st April, 2015

General Conditions

1. This tariff schedule is applicable to all the consumers of MUPL in License area of Mundra SEZ.
2. All these tariffs for power supply are applicable to only one point of supply.
3. The meter charges shall be applicable as prescribed under GERC's (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulation, 2005.
4. The energy bills shall be paid by the consumer within 10 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date of bill to the date of payment of bill.
5. The power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
6. The various provisions of the GERC's (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulation, 2005 will continue to apply.
7. The charges specified in the tariff are on monthly basis, MUPL shall adjust the rates according to billing period applicable to consumer.
8. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo -Watt (HP or kW) as the case may be.
10. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).

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

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

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

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

15. Payment of penal charges for usage in excess of contract demand/load for any billing period does not entitle the consumer to draw in excess of contract demand/load as a matter of right. The levy of penal charge is in addition to other rights of MPSEZ Utilities Private Limited under the provisions of the Electricity Act, 2003 and Regulations notified thereunder.

16. The Fixed charges, Minimum charges, Demand charges, Meter rent and the slabs of consumption of energy for Energy Charges mentioned shall not be subject to any adjustment on account of existence of any broken period within Billing Period arising from consumer supply being connected or disconnected any time within the duration of Billing Period for any reason.

17. The fuel cost and power purchase adjustment charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.

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

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

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

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

1. RATE: Residential

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

1.1. FIXED CHARGE

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

1.2. ENERGY CHARGE

(i)	First 250 units consumed per month	325 Paise per Unit
(ii)	Remaining units consumed per month	375 Paise per Unit

1.3. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 1.1 above.

2. RATE: Commercial (Non Demand)

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

2.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per month per installation

2.2. ENERGY CHARGE

(i)	First 150 units consumed per month	375 Paise per Unit
(ii)	Remaining units consumed per month	400 Paise per Unit

2.3. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 2.1 above.

3. RATE: Commercial (Demand)

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

3.1. FIXED CHARGE

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

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

B) For Billing Demand in excess of the Contract Demand

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

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

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

3.2 ENERGY CHARGE

A flat rate of	275 Paise per Unit

3.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

3.4. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 3.1 above.

4. RATE: Industrial (Non Demand)

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

4.1. FIXED CHARGE

Single Phase Supply	Rs. 100 per Month per installation

4.2. ENERGY CHARGE

(i)	First 150 units consumed per month	350 Paise per Unit
(ii)	Remaining units consumed per month	375 Paise per Unit

4.3. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 4.1 above.

5. RATE: Industrial (Demand)

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

5.1 FIXED CHARGE

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

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

B) For Billing Demand in excess of the Contract Demand

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

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

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

5.2 ENERGY CHARGE

A flat rate of	275 Paise per Unit

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

5.4. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 5.1 above.

6. RATE: Street Lights

Applicable to lighting systems for illumination of public roads.

6.1. ENERGY CHARGE

A flat rate of	325 Paise per Unit

7. RATE: Temporary

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

7.1 FIXED CHARGE

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

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

B) For Billing Demand in excess of the Contract Demand

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

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

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand.

7.2 ENERGY CHARGE

A flat rate of	350 Paise per unit

7.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

7.4. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 7.1 above.

PART- II

SUPPLY DELIVERED AT HIGH VOLTAGE

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

8. RATE: HTMD - 1

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

8.1 FIXED CHARGE

A) For the Billing Demand of customer having

a. Contract demand up to 500 kVA

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

b. Contract demand above 500 kVA

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

B) For Billing Demand in excess of the Contract Demand

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

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

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

8.2 ENERGY CHARGE

For entire consumption during the month	
up to 500 kVA of the contract demand	315 Paise per unit
Above 500 kVA of the contract demand	355 Paise per unit

8.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

8.4 REBATE FOR SUPPLY AT EHV

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

8.5. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 8.1 above.

9. RATE: HTMD -II

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

A Consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

9.1 FIXED CHARGE

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

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

B) For Billing Demand in excess of the Contract Demand

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

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

i. Actual Maximum Demand established during the month OR

ii. Eighty – five percent of the Contract Demand OR

iii. One hundred kVA

9.2 ENERGY CHARGE

A flat rate of	450 Paise per unit

9.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

9.4 REBATE FOR SUPPLY AT EHV

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

9.5. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 9.1 above.