

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

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

For

**Paschim Gujarat Vij Company Limited
(PGVCL)**

Case No. 1466 of 2014

31st March, 2015

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(GERC)**

GANDHINAGAR

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ABBREVIATIONS

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



Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1466 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

Paschim Gujarat Vij Company Limited (hereinafter referred to as PGVCL, or Petitioner) has filed its petition on 1st December, 2014 under Section 62 of the Electricity Act, 2003, read in conjunction with the applicable Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011 for True-up for FY 2013-14, and determination of Tariff for FY 2015-16.

The Commission admitted the petition on 8th December, 2014 as Case No. 1466/2014.



1.2 Paschim Gujarat Vij Company Limited (PGVCL)

The Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies. The seven successor companies are listed below

Generation Gujarat State Electricity Corporation Limited (GSECL)

Transmission Gujarat Energy Transmission Corporation Limited (GETCO)

Distribution Companies:

Sl. No.	Name of Company
1	Dakshin Gujarat Vij Company Limited (DGVCL)
2	Madhya Gujarat Vij Company Limited (MGVCL)
3	Uttar Gujarat Vij Company Limited (UGVCL)
4	Paschim Gujarat Vij Company Limited (PGVCL)

Gujarat Urja Vikas Nigam Limited (GUVNL), a holding company, is responsible for purchase of electricity from various sources and supply to Distribution Companies and also other activities including trading of electricity.

The Government of Gujarat, vide notification dated 3rd October, 2006, notified the final opening balance sheets of the transferee companies as on 1st April, 2005. The value of assets and liabilities, which stand transferred from the erstwhile Gujarat Electricity Board to the transferee companies, include Paschim Gujarat Vij Company Limited (PGVCL). Assets and liabilities (gross block, loans and equity), as on the date mentioned in the notification, have been considered by the Commission in line with the Financial Restructuring Plan (FRP), as approved by Government of Gujarat.

1.3 Commission's Orders for the second Control period

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

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 that behalf, and after



taking into consideration the submissions made by PGVCL, the objections by various stakeholders, response of PGVCL, issues raised during public hearing and all other relevant material, issued the Multi-Year tariff order on 6th September, 2011 for the control period from FY 2011-12 to FY 2015-16 based on the GERC (MYT) Regulations, 2011.

The Commission issued the order for truing up for FY 2010-11 and determination of Tariff for FY 2012-13 on 2nd June, 2012.

The Commission issued the order for truing up for FY 2011-12 and determination for Tariff for FY 2013-14 on 16th April 2013.

1.4 Commission's Orders for Mid-term Review of Business plan for PGVCL

PGVCL 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 that behalf and after taking into consideration the submissions made by PGVCL, the objections raised by various stakeholders, response of PGVCL, 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 PGVCL 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.

1.5 Admission of the current petition and public hearing process

PGVCL submitted the current petition for 'truing up' of FY 2013-14 and determination of tariff for FY 2015-16 on 1st December, 2014. The Commission admitted the petition (Case No. 1466/2014) on 8th December, 2014

In accordance with section 64 of the Electricity Act, 2003, the Commission directed PGVCL to publish its application in the abridged form to ensure public participation. The public notice, inviting objections / suggestions from its stakeholders on the



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petition filed by it, was published in the following newspapers on 15th December, 2014.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	The Times of India	English	15/12/2014
2	Divya Bhaskar	Gujarati	15/12/2014

The Petitioner has also placed the public notice and the petition on its website 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 15th 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 19 consumer / consumer organizations. The Commission examined the objections / suggestions received and scheduled the public hearing for PGVCL on 11th February, 2015 and 13th 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.	Ultratech Cement Ltd.	Yes
2.	Gujarat Biomass Energy Developers Association	Yes
3.	Bhavnagar District Chamber of Industries	No
4.	Akhil Bharatiya Grahak Panchayat - Rajkot	No
5.	Sihor Steel Rerolling Mills Association	Yes
6.	Shri H.J. Patel	Yes
7.	Consumer Education and Research Society (CERS)	Yes
8.	Laghu Udyog Bharati - Gujarat	No
9.	The Kutch Salt & Allied Industries Ltd.	No
10.	Gujarat Krushi Vij Grahak Suraksha Sangh	Yes
11.	Shri V.J. Vachharajani	Yes
12.	Yash Complex Co-Operative Housing Service Society Limited, Vadodara	Yes
13.	Akhil Gujarat Grahak Sewa Kendra	No
14.	Gondal Chamber of Commerce & Industry	No



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Sl. No.	Name of Stakeholders	Participated in the Public Hearing
15.	Gujarat Granito Manufacturer's Association	Yes
16.	Bhavnagar Induction Furnace Association	Yes
17.	Indian Captive Power Producers Association (ICPPA)	Yes
18.	Aditya Birla Nuvo Ltd.	No
19.	Shri Amarsinh Chavda	Yes
20.	Shri Manibhai Gigabhai Dangodara	No
21.	Utility Users' Welfare Association (UUWA)	Yes
22.	The Gandhidham Chamber of Commerce & Industry	No

A short note on the main issues raised by the objectors in the submissions with respect to the petition along with the response of PGVCL 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:

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 a summary of PGVCL's submission.
3. The **third** chapter deals with the public hearing process, including the objections raised by various stakeholders, PGVCL'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 the FPPPA charges.
7. The **seventh** chapter deals with wheeling charges and cross-subsidy surcharge.
8. The **eighth** chapter deals with compliance of directives and issue of fresh directives.
9. The **ninth** chapter deals with the tariff philosophy and tariff proposals for FY 2015-16.

1.7 Approach of this Order

PGVCL 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.



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 of approval under the MYT Order, unless the Commission considers that there are valid reasons for revision of 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 29th April, 2014.

2. A Summary of PGVCL's Petition

Paschim Gujarat Vij Company Limited (PGVCL) submitted the details of True-up for FY 2013-14 and revenue estimates for FY 2015-16 on 1st December, 2014.

2.1 Actuals for FY 2013-14 Submitted by PGVCL

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

Table 2.1: Actuals Submitted by PGVCL for FY 2013-14

Sl. No.	Particulars	Approved in MYT Order	(Rs. Crore) Claimed in truing up
1	Power Purchase Cost	6,473	7,888
2	Operations and Maintenance expenses	498	489
2.1	Employee Cost	437	564
2.2	Repairs and Maintenance Expenses	94	77
2.3	Administration and General Expenses	83	98
2.4	Other Debts	7	5
2.5	Extraordinary Items	0	0
2.6	Net Prior Period Expenses/ Income	0	1
2.7	Other Expenses	(124)	(256)
3	Depreciation	392	425
4	Interest on Loans	164	240
5	Interest on working capital	0	0
6	Bad debts written off	9	22
7	Return on equity	266	275
8	Income Tax	15	9
9	Total expenditure	7,816	9,348
10	Less: Non-Tariff income	142	195
11	Aggregate Revenue Requirement	7,674	9,153

2.2 Summary of projected revenue gap for FY 2015-16

The Table below summarises the Aggregate Revenue Requirement projected in the Mid-term Review of the Business Plan, the total revenue with existing tariff and the proposed gap for FY 2015-16.

Table 2.2: ARR, Revenue and Gap for FY 2015-16

Sl. No.	Particulars	(Rs. Crore) FY 2015-16
1	Aggregate Revenue Requirement	10,613.80
2	Revenue Gap from True-up of FY 2013-14	393.76
3	DSM Programme expenditure	40.00
4	Total Aggregate Revenue Requirement	11,047.56
5	Revenue with Existing Tariff	7,510.11
6	FPPPA Charges @ 120 paisa/kWh	2,403.36
7	Other Income (Consumer related)	221.00



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Sl. No.	Particulars	FY 2015-16
8	Agriculture Subsidy	436.00
9	Total Revenue including subsidy (5 to 8)	10,570.47
10	Gap / (Surplus) (4-9)	477.09

In order to bridge the revenue gap, PGVCL has proposed change in the Tariff for various categories of consumers except agriculture. PGVCL has proposed overall increase 2.57% over existing tariff and recovery of remaining uncovered gap is proposed to be met through efficiency improvement measures or as deemed appropriate by the Commission.

Over and above, change in tariff rates, the company has proposed some minor modifications in current tariff structure.

2.3 PGVCL's request to the Commission:

1. To admit this petition seeking True-up for FY 2013-14 and Tariff Petition for FY 2015-16.
2. To approve the True-up for FY 2013-14 and allow sharing of gains/losses with the Consumers, as per sharing mechanism, prescribed in the GERC (MYT) Regulations, 2011.
3. Not to consider Delayed Payment Charges in the calculation of ARR.
4. To consider approved parameters/ARR of GSECL, GETCO and SLDC while finalizing Tariff of the Petitioner.
5. To pass suitable orders for implementation of Tariff Proposal for FY 2015-16 for making it applicable from 1st April, 2015 onwards.
6. To approve the terms and conditions of Tariff and various other matters as proposed in this Petition and proposed changes therein.
7. To allow recovery of uncovered gap through efficiency improvement measures or deem fit by the Commission.
8. To grant any other relief as the Commission may consider appropriate. The petitioner craves leave of the Commission to allow further submissions, additions and alteration to this Petition as may be necessary from time to time.
9. Pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.



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

3.0 Stakeholders' suggestions / objections, Petitioner's Response and Commission's observation

In response to the public notice, inviting objections / suggestions of the stakeholders on the petitions filed by Discoms for truing up of FY 2013-14 and determination of tariff for FY 2015-16, a number of consumers / consumer organisations filed their objections / suggestions. 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. Some of the objections are general in nature and some are specific to the proposals submitted by the petitioner for approval of True-up for FY 2013-14 and ARR and Tariff revision for FY 2015-16. It is also noted that many of the objections/ suggestions are common to all the four Discoms and some are specific to the concerned Discom. The objections / suggestions are segregated into two groups viz. common to all Discoms and specific to concerned Discom. The Commission has, therefore, addressed the objections / suggestions issue-wise rather than objector-wise.

3.1 Common Suggestions/objections

Issue 1: Application of KVAh Tariff to LT Motive Power Consumer

Shri H.J. Patel, Retd. CE DGVCL has suggested for implementation of tariff of KVAh to LT Motive Power Consumers instead of kWh while enumerating the benefits of KVAh tariff including better discipline for power factor management, reduction in losses, reduction in transformer loading and maintaining voltage level without modification in existing meters.

Response of Discoms

The Petitioner has stated that any attempt of migration to KVAh metering might be detrimental to residential consumers as well as meter manufacturers. It has now become necessary to make consumers to improve PF through some mechanism in consumer tariff by charging low PF consumer more than those maintaining high PF. As per Commission's order dated 06.09.2011, all LTMD consumers having contract



demand above 40 KW are already with kVARh consumption tariff and with this earlier commercial category of consumers having contract demand above 40 KW are also covered in kVARh tariff. In the case of HT consumers, the PF penalty tariff already exists. For consumers having I-Phase connection, KVAh tariff and KVAh, metering is not desirable due to:

- (a) Introduction of penalty tariff for low PF consumers through some mechanism could mean either through tariff or through metering. In both cases, Discoms have to measure one more quantity other than active energy.
- (b) All existing meters measure only Active energy as per prevailing tariff requirement.
- (c) If I-Phase consumers are insisted upon to install capacitor at their installation to improve PF, it will lead to think twice on the following aspects in regard safety and hazards:
 - (i) All existing electrical and electronic appliances are rated only with Active Energy consumption and the average PF rating or reactive power consumption ratings are not specified on any electrical appliances or products. Therefore, the consumer does not have data as to how many capacitors are required to install for improvement of PF. Installation of abrupt rating capacitors may lead to safety and system problems.
 - (ii) Whether the capacitor shall be connected at mains or/on individual connecting socket.
 - (iii) If capacitors are installed at mains, the same may boost to very high voltage during use of meagre load resulting in damage/burning of other electrical products. On individual appliances, it is not possible to install as consumers do not know the VAR rating of products.
 - (iv) Location of installation of capacitor is also debatable. If capacitors are accessible to children in a house, the same may cause serious hazards to their life.

Unless the above issues are addressed at appropriate levels, it is not prudent to adopt Apparent Energy and KVAh metering and tariff. The petitioner has suggested that instead of moving towards KVAh based tariff and metering, the applicability' of KVARh consumption tariff be further widened for other consumer categories as well



as for lower contract demand in case of existing consumer categories. This would serve the purpose to a large extent and would be cost effective too. Further the charges for drawal of KVARh should also be increased from Rs. 0.10/KVARh to Rs. 0.25/KVARh. This will help in achieving the same object without changing entire system.

Commission's Observation

The Commission notes the suggestion of the objector and the response of Discoms. It may be difficult at this stage to implement kVARh tariff for the category of consumer suggested by the objector. However, Discoms may explore the possibility of such alternate tariff in future.

Issue 2: Issues raised by Gujarat Krushi Vij Grahak Suraksha Sangh

The General Secretary, Gujarat Krushi Vij Grahak Suraksha Sangh, Visnagar has sought the following information and made certain observations and suggestion.

1. Quantum and quality of supply and supply hours to agriculture
2. Various revenue projections
3. Statement of defaulters – consumer category-wise
4. Statement of debts written off by debiting B&D provision account details, PDC consumer`s arrears – category wise, nos. and amount in Crore.
5. Statement of outstanding debtors, both government and non-government category wise separately.
6. Statement of pending applications – year wise along with breakup of various schemes up to 10.10.2000 and thereafter separately, along with details.
Surveyed, under survey and un-surveyed
Pending with GGRC
Pending as per A,B,C,D classification
7. Status report on unmetered DTC work
8. Statement of dues to pay/recover from GOG/central govt.
9. Statement of unrecoverable debts - To be written of - year-wise.
10. Statement of overloaded feeders as bifurcated during the year or to be bifurcated during projected year along with incurred and projected capital expenditure.
11. Statement of new-substations installed, Commissioned during last 3 years and projected to be installed during the coming year.



12. No of claims received for accidents of human being / cattle along with amount paid for them.
13. No of feeders having losses more than 10%.
14. No of agricultural connections actually released during last 5 years – scheme-wise, target achievement and shortcomings along with reasons.
15. Total No. of feeders with breakup of kind/type and how many of them are having length of more than 5 KM.
16. Total no of substations with breakup of kind/type and those having allocation more than 10 villages.
17. Sub-stations running without Electrical Engineers.
18. Latest position of PDC Nos. of connections, amount of arrears (in Crore) – consumer categories those before 10.10.2000 and after to be shown separately after giving effect of reconnection, recoveries, settlement schemes 2002 and 2005, Lok Adalat, Amnesty Scheme and any other etc. Net position as per latest records.
19. Statement of faulty/closed condition meters during last 3 years.
20. Statement of year – wise agriculture applications rejected / cancelled during last 5 years along with reasons
21. Status report on RE work in rural areas i.e. revenue villages, Peta Paras, Paras etc. No covered, under progress, pending etc.
22. Statement of Agriculture connections with A1, A2, A3, A4 etc. classification with information regarding cumulative nos. existing nos. and PDC Nos.
23. Statement of Agriculture connections relating to Brick manufacturing units, No of connections and income earned from them (last 3 years)
24. HT based tariff is required to be reduced as under:
 - (a) Reduction in HP based tariff from Rs. 200 per BHP/month to Rs. 72.50/BHP/month and
 - (b) Removal of discrimination of slabs up to 7.50 HP and above required.
 - (c) Fixed charges to be totally removed
 - (d) Introduction of single and common energy / charges to be introduced in both metered and unmetered categories.
25. Introduction of special sub-category and or grant relief to farmers who accept in a group of entire feeder the meter tariff, group concession of 10/paise/unit consumption for a period minimum of 3 years.



26. Special concessional tariff for individual farmer adopting micro irrigation system e.g. drip, sprinklers, porous etc.
27. Removal of compulsion to adopt GGRC schemes, as it has become hurdle to farmers waiting for more than 10 years.
28. Abolition of Tatkal Scheme.
29. Restarting of Scheme of Energy Efficient pump-set which is discontinued and to be reintroduced in at least 57 dark zone Talukas.
30. Clarification on LTP-V tariff category – Lift irrigation
 - (i) About 125 BHP and 100 KVA for HTP-V. It should be made common.
 - (ii) Certain words needed to be adopted for surface water facilities and lifting of water from lake, tank etc. prepared in farms for water collection savings.
31. Meter charges, meter rent charges to be removed.
32. Population limit has to be raised from 15000 to 25000 for Gram Panchayat Area.
33. Supply of water by Agricultural consumers to others to help people during natural calamities:

Agriculture consumers to be allowed to use /supply the water merely to help people during natural calamities like drought, scarcity, floods, earthquake, failure of tube wells for drinking water. For this they should not be penalized and on the contrary to exempt them from charging the bills for certain period /months in such cases. The Commission should include clarification clause in the Tariff Order.
34. Power Purchase price Adjustment:

Not to allow any interim extra charges by way of Power Purchase Agreement in between the year
35. T&D Losses:

Distributions to be restricted up to 9% and transmission losses to be restricted up to 1% and both T&D losses are to be restricted to 10% and no loss to be passed on to consumers.
36. Interest on working Capital:

Interest on working capital is not grantable. Column to be removed from ARR format.
37. Action on losses including technical losses:

No sincere effort is done at sub-station and feeder level as there is no sufficient staff. Transmission losses are more than 3% and hence not acceptable after 10 years. It should be limited to 2%.



38. Replacement of non – working meters: 1.80 Lakh meters are still under non – working condition. Status report along with reasons to be submitted.
39. Fixed Charges:
Fixed Charge on Agricultural consumers to be abolished totally.
40. Directives 1, 2 & 3 not fulfilled. Feeder bifurcation work is unsatisfactory, DTC review work and replacement of conductors is reduced. Erection work under HVDS is unsatisfactory under KHUSHY scheme, the work is too poor.
41. JGY losses: Distribution losses on JGY feeders remained uncontrolled. A status report is to be submitted.
42. Distribution Transformer failure rate:
The Distribution Transformer failure rate is not mentioned.
43. Release of connections under SPA and Dark Zones (57 Nos.):
2368 SPA connections are pending release and Dark zone connections pending are 334 since 1990 to 2001 – Total 2702.
44. Theft cases:
Cases booked under section 126 and 135 not given.
45. Segregation of total loans:
The statement of segregation of total loans is not submitted.
46. Consumer charter:
This is not prepared for farmers having Agricultural Connection.
47. Providing of premises for Offices of Appellate Authority
No accommodation has been provided in the corporate office compound at Mehsana for establishment of separate offices for:
(i) Gujarat Rural Area Vij Company/board/corporation, and
(ii) Feeders management company
48. Mobile van facility for payment of bills
49. FPPPA charges to be separated and to be mentioned in the electricity consumption bills under separate columns.

Response of Discoms

The licensee has submitted, as under, to the above points raised by the Secretary, Gujarat Krushi Vij Grahak Suraksha Sangh (GKVGSS):

1. Quantum and Quality of supply to Agriculture: Minimum of 8 hours power supply has been given to agricultural sector. During cropping season more than 8 hours of power has also been given by purchasing power from various sources. In case



power supply to agriculture is given less than 8 hours, it is compensated during subsequent period when power position is improved.

A policy was formulated by GUVNL on power supply to agriculture sector as per guidelines from GoG for uniform power supply and Discoms have been implementing the same.

For better load management agricultural feeders are segregated in various groups and power supply to all the groups is given in different time zones of 8 hours each day. Every week power supply timings are changed and rotated amongst the groups.

Regarding quantum of energy, it is stated that the large number of Agricultural consumers are unmetered and energy consumed by such consumers is assessed in the basis of 1700 units / HP / annum.

2. Revenue Projections: The estimates of revenue has been worked out based on consumer category-wise sales, connected load and number of consumers approved by the Commission in its order dated 29.4.2014 in the Mid-term Review of Business Plan.
3. Details of defaulters: The statement of defaulters, consumer-wise, along with list of defaulters as on 31.12.2014 having outstanding arrears more than Rs. 1 Lac has been furnished.
4. Bad Debts Accounts: Every year certain amount of some consumers which seems to be non- recoverable, is waived by the company and charged to P&L account under “other debits”
5. Statement of Debtors: Statement of debtors as on 31.12.2014 is furnished.
6. Statement of Pending Applications: Statement of pending applications as on 31.12.2014 is furnished.
7. Status of unmetered DTs: Position as on 31.12.2014 of meters of distribution transformer level is furnished.
8. Government Dues: Generally, government dues are paid by the company regularly and government similarly pays to the company regularly.
9. Un-recoverable debts: Statement of unrecoverable debts is furnished.
10. Over Loaded Feeders: Load on the feeders is highly dynamic and feeders having either more length or found over loaded are bifurcated. No of feeders bifurcated during 2013-14 and to be bifurcated during FY 2014-15 is furnished.



11. New sub-stations: Statement of new substations Commissioned during FY 2013-14 up to March 2014 and planned to be commissioned during FY 2014-15 is furnished.
12. Compensation on Accidents: Claims and compensation given to deceased dependent or owner of animals on account of electrocution during FY 2013-14 is furnished.
13. Feeders Having Losses: Statements of feeders having losses more than 10% in FY 2013-14 is furnished.
14. Release of connections: Releasing of connections is an on-going task. Every year agricultural connections are released under various schemes, like normal, Tatkal, MIS, DIS etc. Agricultural connections released during last 5 year up to December 2014 is furnished.
15. Feeders having line length: Category-wise statement of feeders having more than 5 KM line length as on 31.12.2014 is furnished.
16. No of sub-stations: Voltage wise no. of substations as on 31.12.2014 is as under.

Sl. No	Voltage – Class	Nos.
1	400 KV	2
2	200 KV	10
3	132 KV	13
4	66 KV	159

Generally feeder supply to villages is fed through 11 KV feeder, emanating from 66 KV sub stations. Almost 95% of 66 KV substations feed power supply to more than 10 villages. Only a few GIDC & city SS are with less than 10 villages.

17. No. of sub-stations without Engineer: 66 KV and above sub-stations are owned and operated by GETCO. Generally function of substation is supervised by an Engineer.
18. PDC Connections: Statement of PDC connections and amount of arrears as on 31.12.2014 is furnished.
19. Details of faulty / locked condition meters: Statement of faulty and locked condition meters as on 31.12.2014 is furnished
20. Agriculture applications rejected/cancelled: Statement of agricultural applications rejected/cancelled with major reasons as on 31.12.2014 is furnished.
21. Rural Electrification: Electrification of petaparas, muwadas etc. is a continuous process and as and when application / request is made by any local authority or any other authority for electrification of any petapara etc., the same is electrified.



22. Agriculture Connections Category-wise: Statement of Connections – category-wise along with PDC connections as on 31.12.2014 is furnished.
23. Supply of Water to brick manufacturers: Supply to brick manufactures by an agricultural consumer is an optional facility and an agricultural consumer can opt for it, if he desires. This is not compulsory requirement.
24. Reduction in HP based Tariff: In order to ensure uniform tariff rates for all Discoms, differential bulk supply tariff mechanism is in place. The average recovery from agricultural category is less than the average cost of supply.
25. Special sub-category to Agriculture Consumers: Present tariff for agriculture is highly subsidized and hence needs no separate category
26. Concessional Tariff to micro irrigation system: Irrigation to agricultural field through micro/drip irrigation system requires less energy consumption compared to normal mode of irrigation and hence such agricultural consumers are benefited. Giving benefit to one class of consumer will result in increase in tariff of other class of consumers.
27. Adoption of GGRC Scheme: GGRC facilitates agricultural consumers for installation of micro irrigation system. Since MIS helps in conserving water and energy, it has been one of the enabling factors for the company to relax the provision for releasing agricultural connections in dark zone areas.
28. Abolition of Tatkal Scheme: The Petitioner filed a petition on the issue vide No. 1087/2011 and the Commission has issued an order and disposed of the petition.
29. EEPS Scheme: Efficient use of electrical energy helps in less energy consumption for the same quantum of work. This phenomenon is equally applicable to agriculture consumers. A demonstrative project was undertaken by replacing old pump sets in the effective pump sets. It is intended to carry out similar programmes under DSM activities.
30. Relaxation to LTP – V: LTP-V category is basically to incentivize use of surface water, such as river, canal, dam etc. and thereby promote energy and water conservation, particularly for consumers in the command area of Sardar Sarovar Project area and such other mini irrigation system, which require 24 hour power supply and therefore a separate category is provided and the same cannot be extended for filling up the 'houze' etc. prepared in farm for water collection and it will lead to operational issue also.
31. Abolition of Meter Charges: Meter charges is are recovered as per provisions of the Act and Regulations notified by the Commission.



32. Raise in Population Limits: RGP rural category tariff is applicable to Gram Panchayat areas as defined in Gram Panchayat Act but not to villages which are located within the jurisdiction of Urban Development Authority.
33. Supply of Water by Agriculture Consumer to Others: Generally power supply is to be utilized only for the purpose to which the consumer is authorized. In case of various national calamities, specific directives, if any, issued by the Commission can be followed.
34. PPPA Adjustment: The cost paid by the company/GUVNL as compared to approved base year cost for purchase of power from various sources is to be recovered by companies through PPA. Adjustment Mechanism is as per formula approved by the Commission. Since increase in cost of power is on account of reasons beyond the control of the company, decrease/increase of FPPPA will have implication on consumer by way of interest on additional fund. Discoms will have liquidity issue.
35. Transmission and Distribution Losses: The Commission approved distribution loss trajectory for FY 2014-15 and FY 2015-16. Since distribution losses being controllable, the company has given appropriate treatment to the deviation to approved loss level in the true-up petition for FY 2013-14. As the transmission losses are beyond the control Discom the actual transmission losses are considered by the company.
36. Interest on Working Capital and RoE: In the true-up petition for FY 2013-14, no claim for interest on working capital and ROE is worked out as per GERC (MYT) Regulations, 2011.
37. Reduction in Distribution Losses: The Company makes all efforts for reduction of distribution losses and ensure that loss reduction trajectory as approved by the Commission shall be followed and at the end of the control period the company shall at least achieve approved distribution loss level.
38. Replacement of non-working meters: Status of meters replaced during FY 2013-14 and during FY 2014-15 (up to 31.12.2014) are as under:

Year	Number of Meters Replaced
FY 2013-14	101567
FY 2014-15 (up to 31.12.2014)	124181

39. Abolition of fixed charges: It is a basic commercial principle to recover fixed costs through recovery of fixed charges. In the case of Discoms only 31.57% fixed cost



is recovered through fixed charges. Hence it is not possible to abolish fixed charges.

40. Reply to Directives: Compliance of directions is submitted from time to time and also in the present petition. Actual expenditure incurred under various schemes vis-à-vis approved by the Commission is provided in the petition.
41. JGY Losses: various activities have been carried out for loss reduction in JGY feeders. Due to constant efforts of the company, the losses on JGY feeders have been reduced to 35.19% during FY 2013-14 from 37.77% in FY 2012-13 which shows a decreasing trend.
42. DT Failure: Distribution Transformer failure rate for FY 2013-14 is 4.51%
43. Releasing connections under SPA Dark Zone areas: Releasing of connections is an ongoing task. Every year agricultural connections are released under various schemes like, normal, Tatkal etc.
44. Statement of Theft Cases: The details of theft cases booked under section 126 and 135 are furnished.
45. Segregation of Total Loan: The Company has filed petition for Mid-term Review of Business Plan for FY 2014-15 and 2015-16 wherein relevant details of loan were provided and the Commission has issued the order on 29.4.2014 revising ARR for FY 2014-15 to FY 2015-16.
46. Consumer Charter: The Respondent filed a separate petition on similar issue with GERC.
47. Providing Office to Appellate Authority: Section 127 of EA, 2003, provides for "Appellate Authority and in Gujarat, State "Electrical Inspector" is designated as "Appellate Authority".
48. Mobile van facility for payment of bills: Besides bills collection at sub-division offices, facilities for payment bills in rural areas are available as under:
 - E-Gram Panchayat Office
 - Post Offices
 - Collections through bankers/agencies/RTGS/NEFT.
 - Payment through ATMs of selected banks
 - Various modes of online payment
 - Village cash collection by cashier etc.
49. FPPPA Charges: The amount payable under the head FPPPA charges is shown separately in the consumer energy bills. In case of agricultural consumers same is compensated by the state government.



The Respondent has suggested some of the operational suggestions to the company which will be analysed for implementation.

Commission's Observation

The response of Discoms is noted. The Commission appreciates the efforts made by Discom to meet various targets etc. Discoms shall make efforts to bring down the JGY losses.

Issue 3: Formula for arriving Theoretical / Technical Losses

President Yash Complex Cooperative Housing Service society Limited, Vadodara, has stated that the formula used for arriving of theoretical formula differs from Discom to Discom.

Response of Discoms

The Commission has directed Discoms to segregate technical and commercial losses from the total distribution losses. Different methods prevail for calculation of technical/theoretical losses of a feeder. Each has certain assumptions for calculations and same method is followed consistently by the respective Discoms and therefore it holds good for them.

EHV system does not form part of distribution network and therefore losses in EHV system cannot be a part of distribution loss.

To illustrate the method of calculation of theoretical losses, sample calculation of one of the feeders has been enumerated in the petition and same exercise is carried out for all feeders to arrive at theoretical/technical losses.

Commission's Observation

The response of Discoms is noted.

Issue 4: Attempt to discourage Open Access users

Federation of Gujarat Industries have stated that the proposed tariff structure is one deliberate attempt to deter/discourage Open Access users from buying power from other sources after earlier attempts like:



- (i) Deemed Open Access separate tariff;
- (ii) Imposing unlawful and arbitrary conditions through undertakings by using utility consent requirement.
- (iii) demanding additional surcharges;
- (iv) Restricting to Open Access up to contract demand and;
- (v) Consent denial threatening notices for minor variations in Open Access power drawals etc.

Since the above attempts are in contravention to the provisions of EA, 2003, National Tariff Policies and Regulations framed by the Commission, the Commission is requested to take action to respect/uphold the law in preference to benefits of the petitioners.

Response of Discoms

The point wise replies to the issues raised by objectors are as under:

- (i) No such separate tariff category is proposed since the objective of Open Access consumer is to purchase power from sources other than Discoms
- (ii) The undertaking taken by Discoms is as per orders of the Commission and to ensure safety of grid and for load management purpose.
- (iii) Additional surcharge is levied as per Sec. 42 (4) of EA, 2003 after due verification by the GERC.
- (iv) Short-term Open Access is allowed within the available margin in the network.

Commission has already decided and issued orders in regard to scheduling and drawal of load by Open Access consumers in Petitions No. 1325 and 1327/2013.

Commission's Observation

The response of Discoms is noted. The issues raised will be examined.

Issue 5: Single Part Tariff for industries with poor plant load factor (PLF)

M/s Ultra Tech Cements Ltd. and Aditya Birla Nova Ltd. have stated that for many industries with inherently poor PLF, present HTP-I tariff leads to very unrealistic and skewed cost of power in terms of Rs./unit, say Rs. 15/unit and even more.



Response of Discoms

It is a basic commercial principle for any organization to recover its fixed cost through recovery of fixed charges and variable cost from variable charges i.e. energy charges. Therefore present tariff structure consists of two part tariff.

Commission's Observation

The response of Discoms is noted. The tariffs are determined category wise and not based on the PLF of the industry.

Issue 6: True-Up proposal for FY 2013-14 and ARR for FY 2015-16

Laghu Udyog Bharati (LUB) Gujarat has submitted that:

1. True-up of FY 2013-14

- (a) If return on equity is considered on actual share capital of Rs. 1227.02 Crore @ 14%. The difference works out to Rs. 103.117 Crore The total current assets are Rs. 1853.34 Crore and hence the surplus is Rs.(-244.50 – 103.177 + 1835.34) equals to Rs. 1487.70 Crore Barring discussion on all issues in the petition, actually there is no ARR gap in current and previous true-up APR covered in the current petition.
- (b) The effective per unit cost is Rs. 6.13/ unit with expenses and FPPPA charges. The per unit expenses are Rs. 0.81/unit (As per ARR true-up), the Government subsidy is Rs. 0.728/Unit Agricultural consumer pays Rs. 1/- per unit and so the effective realization/unit is: $1+0.728-0.81=0.918$. If the FPPPA charges are considered, net recovery from agriculture consumer is $(0.918-1.2) = \text{Rs. } 0.282/\text{unit}$ Net loss due to Agricultural category is Rs.(6.131+0.375) 6.506/unit. For 6017 MU Agricultural consumption, the total loss is Rs. 3914.66 Crore recovered from other categories.
- (c) In annual accounts, the unit cost realization is shown as Rs. 2.432/unit, excluding Agricultural subsidy by Government which is shown separately. It is not clear wherefrom this amount is adjusted in the light of D4 forms for Agricultural category, which show FPPPA charges as Rs. 1.2, which are never realized. Per unit cost category wise in annual reports and True-up of FY 2013-14 proposal do not match with actual receipts.

In view of the above, all cross subsidy calculations in various presentations of ARR stand doubtful and need to be reworked out by the Commission



2. Return on equity

Further, the APTEL order in case No. 142 and 168 of 2013 supports that consumer contribution towards line component and Government grants cannot be part of equity. The Respondent suggests the following action to be taken for ARR proposal in the light of judgment of APTEL

- (i) Calculate return on equity on paid up capital only.
- (ii) Add Reserve and Surplus to net income.
- (iii) Add current assets to net income.
- (iv) No units are shown in ARR proposal on account of UI / sales back of power to GUVNL and rates applied along with GERC approval to such rates.

The Commission is therefore requested to quash ARR True-up proposal for FY 2013-14 and recalculate ARR proposals of the previous years.

3. ARR 2015-16

The respondent has raised the following points:

- (i) LUB does not find any units in APR proposals on account of UI/Sale back of power to GUVNL and rates applied along with GERC approval to such rates.
- (ii) LUB finds that PGVCL has not sought tariff revision but has sought approval to tariff schedule.
- (iii) For the revised tariff schedule, PGVCL has submitted D-4 formats showing per unit cost category wise at revised tariff schedule.
- (iv) Commission may verify from enclosed calculations that PGVCL is already getting per unit revenue, category wise, at the prevailing tariff schedule of 2014-15
- (v) New tariff schedule is not necessary as there is surplus as per D-4 formats for FY 2015-16, projected unit sale units and FY 2014-15 per unit cost as per tariff 2014-15-Tariff schedule of rates.

Issue of FPPPA subsidy to agricultural consumers is required to be resolved by the Commission. PGVCL has to explain that how it is adjusting Agricultural consumers FPPPA charges in Annual Financial Report and ARR.



Response of Discoms

1. True-up for FY 2013-14:

The Respondent has mixed up the principles of ARR with cash flow of the company. ARR is governed by GERC (MYT) Regulations, 2011 and accordingly the proposals and tariff are prepared. True-up Petition is required to be filed in which actual/normative cost along with actual revenue as per audited accounts submitted with resultant revenue gap. After detailed scrutiny and prudence the gap is approved.

2. Return on Equity:

The opening equity for FY 2013-14 is considered same as approved closing equity for FY 2012-13 and for equity addition during FY 2013-14 consumer contribution is reduced from capitalisation and remaining amount is apportioned in debt: equity ratio 70:30.

3. ARR for 2015-16:

Company has not proposed any changes in ARR for FY 2015-16 and has proposed the same as approved in Mid-term Review order dated 29.4.2011. Revenue gap for FY 2013-14, based on GERC (MYT) Regulations, 2011 and DSM expenditure as per direction of the Commission is added to work out the total ARR for FY 2015-16.

Revenue at existing as well as proposed tariff for FY 2015-16 is worked out based on sales, number of consumers and connected load as approved by the Commission for 2015-16. PPA charges are calculated at Rs. 1.20/kWh, while other income (Consumer related) and agricultural subsidy are considered same as approved in Mid-term Review order dated 29.4.2014. The total gap for all 4 Discoms is around 4.07% of the total revenue at the existing tariff. The company has proposed an overall increase of only 2.57% over the existing tariff.

UI/sales/purchase is real time phenomenon and hence cannot be projected. Regarding sale of power to GUVNL, the same has been considered while working out power purchase cost for FY 2015-16 in Mid-term Review order dated 29.4.2014. The sale proceeds has been adjusted while working out cost of power purchase at Table-11 (Net Power Purchase Cost) in the Petition. Further the



same amount is shown in financial statement of Discoms for FY 2013-14 as revenue from sale of power to GUVNL. Since power is supplied to GUVNL at Discom periphery, the cost for supply to be borne by Discoms. Out of the proceeds, GUVNL is keeping only 4 Paise/unit as approved by the Commission.

Regarding `Nil` receipt D-4 formats in some of the tariff categories, the company has not proposed any sales for these category of slabs and hence no projection of revenue for the same.

Commission's Observation

The response of Discoms is noted. The Commission has taken appropriate decision.

Issue 7: Sale of Power to GUVNL – Discriminatory Approach to OA Consumers

President, Yash Complex Cooperation Service Society Limited has stated that all Discoms have sold power to GUVNL from whom they purchase and on one hand the Open Access customer, if he has not utilized his scheduled share, though it is received in Discom area, it is not compensated. On the contrary Discom sells to GUVNL. This discriminatory approach is objectionable.

Response of Discoms

The power is sold by GUVNL on day ahead basis following scheduling mechanism as per IEGC whereas the surplus of Open Access customers is on real time basis. Therefore there is no substance in the allegation and unutilized energy of Open Access customers is compensating the system loss.

Commission's Observation

The response of Discoms is noted.

Issue 8: Income on account of Theft of energy/ diversion of energy

President, Yash Complex Cooperative Service Society Limited has stated that none of Discoms has not submitted the form D-4 containing special provision in respect of amount recovered from concerned on account of theft of energy, diversion of energy etc. Discoms have to submit details as per note 3 under special provision.



Response of Discoms

While approving the revenue gap, the Commission considered other consumer related income i.e. meters rent and service line charges, recovery from theft of power, miscellaneous charges from consumer etc. For FY 2015-16 similar methodology is adopted for working out revenue gap.

Commission's Observation

These are accounted for in other consumer related income.

Issue 9: Details of Cost of Advocate Panel for APTEL / Supreme Court

President, Yash Complex Cooperative Service Society Limited has stated that the cost of fees of Advocate panel for APTEL/Supreme court is borne by GUVNL and such details of account are not shown in the petition.

Response of Discoms

Fees paid to the advocate panel forms part of A&G charges.

Commission's Observation

The legal expenses are accounted under A&G Expenses.

Issue 10: ARR for GUVNL

President, Yash complex Cooperative service society Limited has stated that GUVNL procures power, arranges allocation area-wise generation to have uniform tariff for all Discoms within the State, finalises cost data, purchases back unused power, pays fees of advocate panel etc. on behalf of Discoms. Hence it is necessary for GUVNL to file ARR also.

Response of Discoms

GUVNL, as a trading licensee, has been entrusted with the function of bulk purchase of power from generating companies within/outside the State of Gujarat and supply in bulk to Discoms and sells power on behalf of Discoms. As per GERC Regulations on trading margin, a trading licensee can recover a trading margin of 4 paise/unit per regulations. A trading licensee is not required to file ARR Petition.



Commission's Observation

GUVNL is a holding company and entrusted with purchase of power from various sources and supply to Discoms. GUVNL's requirement is reflected in Discoms petition.

Issue 11: Expense per unit of Supply

President, Yash Complex Cooperative Service Society Limited has stated that employee cost and Administration cost/unit in respect of MGCVCL is highest among all Discoms, though the handling of energy is only 13.65% of total and the cost per unit except power purchase is also highest of all. The data of MGCVCL for ARR is far away from actual data for ARR and it needs re-verification by the Commission.

Response of Discoms

The overall growth of MGCVCL in terms of unit sales is minimal or negative mainly on account of Open Access. Through the employee cost and A&G cost form part of fixed costs of the company, it increases every year due to inflation and other parameters. Further at the time of restructuring, more senior employees having high salary had opted for MGCVCL. Hence expense per unit of supply of MGCVCL seems to be higher.

Commission's Observation

The Commission verifies the audited accounts while truing up.

Issue 12: Clarifications on Merger of Connections and Agricultural Subsidy

President, Yash Complex Consumers Service Society Limited has stated that.

Merger of connections:

- NRGV/LTMD category having load up to 40 KW has an option to go to LTMD and vice versa. NRGV consumer having 20 KW load can opt for LTMD but whether he is to be billed on reordered demand or 85% of contract demand whichever is higher or 85% of LTMD limit of 40 KW i.e. 32 KW is not clear. This needs clarification.



Response of Discoms

Following the MYT Order dated 06.09.2011, the company merged the connections of same tariff categories i.e. NRG/ LTMD, existing in same premises and owned by the same legal entity and having same electricity duty. Consumer shall utilize the quantum of power within its contract with Discoms. The consumers under LTMD is billed for the demand either for 85% of contract demand or 15 KW or actual maximum demand registered during the month whichever is higher.

Commission's Observation

The response of Discoms is noted.

Issue 13: Agricultural Subsidy

The Government has assisted only Rs. 0.78/unit as against overall average purchase cost/unit of Rs. 3.91. The average realization from agricultural category is Rs. 1.24/Unit through tariff. The FCA/FPPPA is over and above it are to be compensated. Thus for total of 15058 MU-Rs. 3.91 – Rs. 1.24 = 2.67 less Agricultural Subsidy of 0.78 = Rs. 1.89/unit is yet to be claimed to meet power purchase cost i.e. $15508 \times 1.89/10 = \text{Rs. } 2931 \text{ Crore}$ as against FPPPA Rs. $15508 \times 1.20 / 10 = \text{Rs. } 1860.96 \text{ Crore}$. Effort for claiming this shortfall in Agricultural Subsidy is not appearing in the petition.

Response of Discoms

All four Discoms together claimed subsidy of Rs. 3873 Crore towards

- (i) Tariff compensation
- (ii) Fuel Surcharge and
- (iii) Fixed Subsidy of Rs. 1100 Crore from State Government, which worked out to subsidy amount of Rs. 2.5/unit as against subsidy amount of Rs. 0.78/unit. After adjusting the subsidy of Rs. 3873 Cr, the per unit average utilization from Agricultural Consumer is Rs. 3.13/unit as against realization indicated i.e. Rs. 1.24/Unit.

The suggestion regarding payment of subsidy to agricultural consumer can be thought of.



Commission's Observation

The issue raised by the objector and response of Discoms is noted.

Issue 14: Details of Sources of Power Purchase

M/s Utility Users' Welfare Association has stated that Discoms have not provided the sources of power procurement, quantum and tariff for which power procurement is done. The Commission is requested to direct GUVNL/Discoms to provide quantum of power purchase and source-wise with price at which it is procured.

Response of Discoms

The details of power purchased by GUVNL for FY 2013-14 is provided in the audited account of GUVNL which is also available on website.

Commission's Observation

The response is noted. The actual cost of power purchase for FY 2013-14 is provided in the annual accounts for FY 2013-14.

Issue 15: Legal Status of GUVNL

M/s Utility Users' Welfare Association has stated that GUVNL has been entrusted with functions of bulk purchase of power from the generating companies within / outside the state of Gujarat and supply in bulk to Discoms. GUVNL is a co-partner along with all Discoms as Petitioner. Now GUVNL is not a co-partner and then what is the legal status of GUVNL as per definition of Electricity Act 2003 in the context with Discoms.

Response of Discoms

GUVNL has been incorporated as a successor entity to erstwhile Gujarat Electricity Board (GEB) pursuant to a transfer scheme notification issued under provisioning Gujarat Electricity Industry (Reorganization and Regulation) Act, 2003 and as per Electricity Act 2003. Under notification dated 24.10.2003, the Gujarat State Government issued first Transfer Scheme under which generation, transmission and distribution functions of GEB have been vested in separate companies. As per schedule "G", of the said notification, the functions relating to bulk purchase of power from generating companies within / outside the state of Gujarat and supply to Discoms in bulk, any other residual liabilities etc. were not transferred to any of the



companies and retained by GEB. Subsequently, the State Government issued a notification dated 10.12.2004 incorporating GUVNL for the purpose of transferring the assets, liabilities etc. mentioned in schedule "G", including trading in electricity. Further, the State Government through notification dated 31.03.2005 transferred the functions and activities w.e.f 01.04.2005 to GUVNL. Hence GUVNL has been entrusted with function of bulk purchase of power from the generating companies within/outside the state and supply in bulk to Discoms. Accordingly, the function of bulk purchase has been undertaken by GUVNL.

Commission's Observation

GUVNL is a holding company and is responsible for purchase of electricity from various sources and supply of distribution companies and also other activities including trading of electricity.

Issue 16: Procurement of power at competitive rate

M/s Utility Users' Welfare Association has stated that Gujarat is having surplus production of 13143 MU in FY 2013-14 and this is the ideal condition to create competition amongst Discoms and the Commission may advise the GOG to allow Discoms to carry out their business independently in respect of expansion of supply area, procurement of cheaper power etc.

Response of Discoms

GUVNL has tied up power on long term basis to fulfil to requirement of Discoms. In accordance with intra-State ABT order of the Commission, power is procured on real time basis following the principle of merit order irrespective of ownership of generators, whereby cheaper power is scheduled first and thereafter costlier power till demand of Discoms is met. GUVNL has not procured power in FY 2012-13 on short-term basis.

Commission's Observation

The response of Discoms is noted.

Issue 17: Fixation of tariff to various consumers

M/s Utility Users' Welfare Association has stated that as per existing cost of power the consumer has to pay is Rs. 8 to 8.50/unit whereas in china, Japan, Korea etc. the



cost of power is not more than Rs. 4 to Rs. 4.50/unit including taxes. Industries are not able to compete in the international market as well as domestic market with such high rate. The power cost in other states in India is also lower. In view of this, the Commission is requested not to approve ARR of Discoms.

Response of Discoms

The Commission determines the tariff for various categories of consumers following relevant provisions of Electricity Act, 2003 and relevant regulations notified by the Commission taking into account the objections of the stakeholders and after due process of hearing.

Commission's Observation

The response of Discoms is noted.

Issue 18: Merit Order

M/s Utility Users' Welfare Association has stated that as per state owned generating units have remained closed under merit order dispatch system. The cost of generation of GSECL come to Rs. 3.40 to Rs. 3.60/unit with variable and fixed cost is not getting supply instructions under merit order despatch system. Whereas the cost of generation of private generating units like TPL, Ahmedabad plant is Rs. 4.44/unit and still they are operating. Why merit order despatch is not applicable to TPL? This is a question to be replied.

Response of Discoms

Principle of merit order dispatch in picking up and backing down is to be followed for the power stations tied up by respective Discoms and approved by the Commission.

Commission's Observation

The response of Discoms is noted.

Issue 19: Transmission and Distribution Losses

M/s Utility Users' Welfare Association has stated that the actual sale of various utilities is Rs. 60,352 MUs for FY 2013-14 and energy requirement for such sale is 73079 MUs; which indicates that the transmission and distribution losses is 12727 MU. The average cost per unit comes to Rs. 4.11/unit and if Rs. 1 per unit is added,



the power cost works out to Rs. 5.11/ unit. For 12727 MUs@ Rs. 5.11 /unit, it amounts to Rs. 6503 Crore and the consumers of Gujarat paid, such huge amount on account of T&D loss in FY 2013-14.

The transmission loss is about 4.5% and it goes up to 7% with pooled loss and if the GETCO / SLDC to install or augment the system in such a way that the transmission loss is reduced by 1.5%, it will be a huge amount and tariff can be reduced to that extent.

Response of Discoms

For Discom, the distribution loss is controllable and treatment for deviation is given accordingly. The company takes various steps for reduction of distribution loss and ensures that the loss trajectory as approved by the Commission is followed and achieves it by the end of control period.

Transmission loss is approved by the Commission for the transmission company and the same is considered by the company.

Commission's Observation

The distribution losses are reduced over the years to a considerable extent. Efforts are required to be made by Discoms to reduce the losses further.

Issue 20: Supply of power to TPL by GUVNL

M/s Utility Users' Welfare Association has stated that GUVNL, instead by supplying power to TPL at lower rate than Discoms, GUVNL should supply power at the same rate to Discoms as it should supply power in the area of TPL.

Response of Discoms

GUVNL trades the eventual surplus power and income earned through trading is passed to consumers of Discoms. The Commission may take a suitable decision on the suggestion of the respondent.

Commission's Observation

TPL purchases power from GUVNL on short-term basis.



Issue 21: Deciding of bulk supply tariff by GUVNL

M/s Utility Users' Welfare Association has stated that if GUVNL is a trading licensee, how can GUVNL decide bulk supply tariff and how can the Commission approve such bulk supply tariff.

Response of Discoms

The Commission, through its MYT order dated 6.9.2011, has approved the concept of Bulk Supply Tariff (BST) for the control period FY 2011-12 to 2015-16 for allocation of power purchase cost by GUVNL to Discom. As per approved BST concept, the power purchase cost is allocated to Discoms based on their consumer mix. The Commission has approved the BST concept after carrying out detailed hearings and submissions in order to keep the retail tariff uniform across the State.

Commission's Observation

The response of Discoms is noted. The Commission has approved BST (Bulk Supply Tariff) to keep uniform tariff for all Discoms.

3.2 Suggestions/objections pertaining to PGVCL

Issue 1: Development of Transmission Network

M/s Ultra Tech Cement Ltd. and Aditya Birla Nuvo Limited have stated that number of 66 KV s/s along with associated transmission lines are created/constructed in consultation with the concurrence of PGVCL. From the details of GETCO Petition, it is noticed that the expenditure is extremely high compared to approved expenditure. The expenditure made in 66 KV system has led to believe that it is used for addition of transformers only. Huge improper utilization of funds has resulted in poor investment in upstream transmission network, leading to purchase of costlier generation. PGVCL has not provided information on provisions made for lines and substations as approved and actually incurred.

Response of Discom

GETCO develops transmission network/substation for catering demand of long term Open Access users.

Commission's Observation

The issue raised by the objector and response of Discom are noted.



Issue 2: Capital expenditure (distribution area expenses) – burden passed on to HT industry

M/s Ultra Tech Cement Ltd. and Aditya Birla Nuvo Ltd. have stated that the expenses were made in distribution area and burden is proposed to be passed on to industrial consumers only, which is unjust, irrational, arbitrary and unwarranted in terms of letter and spirit of EA, 2003. For all government sponsored schemes, amount received from government must be clearly indicated and should not be passed to other consumers. Item-wise amounts of subsidies committed by the government and actual amounts received should be furnished.

Response of Discom

For FY 2013-14, against total capital expenditure of Rs. 1229.41 Cr, Rs. 58.28 Crore has been received as a grant and the same has been deducted from CAPEX while calculating fund requirement.

True-up petition is prepared based on audited annual accounts which are prepared on accrual basis and the subsidy payable by the Government is also considered.

Commission's Observation

The issue raised by the objectors and response of Discom are noted.

Issue 3: Passing of Agricultural subsidy burden to Industrial consumers

M/s Aditya Birla Nuvo Ltd. has stated that from the data submitted it is seen that huge amount of under recovery is there in the case Agricultural category as against substantively higher recovery from Industrial consumers. As against average cost of realization of Rs. 3.75/ unit from existing tariff and Rs. 3.84/unit from proposed tariff, recovery is Rs. 5.52/ unit and Rs. 5.70/unit respectively i.e. 47.16% being increased to 48.40% whereas in the case of other categories, the under recovery is showing further increasing trend even taking it beyond – 20%. A subsidy of Rs. 3313.40 Crore is receivable from GOG, which needs detailed clarification as it is being passed on to other consumers. There is also one mandate for bringing all category tariff minimum up to 50% of the realistic cost of supply. Tariff of HT industrial category is raised every year without commensurate/proportionate increase in tariff of subsidized category. If the revised tariff is to be determined in real spirit of EA, 2003 and the Tariff Policy, the same needs to be substantially reduced by recovering the actual subsidy amount from the government or by revising Agricultural tariff accordingly as



per the GERC Regulation. Since recovery of fixed cost from the respondents' category with contract demand of 2500 KV and above is already very high, further increase would tantamount to increasing cross subsidization level beyond pooled cost of fixed costs apart from voltage fixed costs of supply to industrial consumer.

Response of Discom

Agricultural category is supplied only limited power per day up to 8 hours mostly during off peak hours and during night time, when the average cost of power purchase from various generating stations is much lower due to merit order mechanism. Hence the cost of supply to agricultural category would be much lower than other categories. It is not possible for the utility to bill a particular category on cost to serve basis without changing the tariff of other categories. To ensure uniform tariff for all Discoms, differential bulk supply tariff mechanism is in place. The average realization for H.T. category for FY 2012-13 is +24% to average cost of supply. Regarding higher unit charges to the Respondent, the petitioner has submitted that under two part tariff mechanism, average per unit realization varies with load factor of the consumer and for consumers having high load factor per unit rate of realization is less compared to those having less load factor.

Regarding increase in maximum demand it would be necessary to recover the fixed cost through recovery of fixed charges but under the present tariff structure only a part of the fixed cost is recovered through energy charges. As a part of rationalization, fixed/demand charges are proposed to be increased including HTP category. Even with this increase only 31.57% of the fixed cost is recovered through fixed and demand charges and the remaining 68.43% is still being recovered through energy charges. In case of HTP consumers, the fixed cost recovery through demand charges is 53% and the remaining 47% will still to be recovered through energy charges. In case of consumers who do not take supply from Discom corresponding to their contract demand, the unrecovered 47% of fixed cost is a burden to the general body of consumers.

Commission's Observation

The issues raised by the objector and response of Discom are noted. The Commission is attempting to reduce the cross subsidy on subsidizing consumers.



Issue 4: Fixed Cost Recovery from HT/EHT consumers

M/s Ultra Tech Cements (P) Ltd. and M/s Aditya Nuvo Ltd. have stated that under format D-1 Power Purchase cost is shown as 330 Ps/Unit and even after discounting other minor services costs, the tariff recovery goes to more than 200% of supply cost for this category. It seems that de facto recovery from HTP-I category consumers being very high, the same is artificially reduced to justify further increase in tariff of this category under the guise of their being Open Access users. The Commission may direct the petitioners to present the correct picture as against convenient position of facts and also to mention the specific provision under MYT for such adjustment.

Based on power bills during April to December 2014 from PGVCL, average fixed cost rate works out to be Rs. 0.80/unit and total cost works out to be Rs. 7.58/unit which is exorbitant/irrational and cannot be justified as it is nowhere near the cost of supply/service.

Response of Discom

With the present tariff structure, part of fixed cost is recovered through energy charges and as a part of rationalization, fixed/demand charges are proposed to be increased, including HTP category. Even with proposed increase in fixed/demand charges only 31.57% of the fixed cost is recovered through fixed/demand charges and remaining 68.43% is still being recovered through energy charges and in case of HTP category consumers, the fixed cost recovery through demand charges will be 53% and remaining 47% will be recovered through energy charges. HTP consumer who is not procuring power from Discom corresponding to its contract demand, the unrecovered 47% of fixed cost otherwise payable by such consumer is a burden to general body of consumers.

Commission's Observation

The response of Discom is noted.

Issue 5: Commissioning of biomass projects in Gujarat - levy of fixed/demand charges

Gujarat Biomass Energy Developers Association has stated that only four (4) projects are commissioned so far in Gujarat State and that the levy of fixed/demand



charges is an additional burden for the biomass power plants as the same is not considered while determining tariff in order 5 of 2010. In order No. 4 of 2013 under clause 4.5 GERC has recognized that fact and gave ruling exempting demand charges for biomass power plants. PGVCL is not honouring the order of GERC. All the three power plants, which have entered into PPA, are being charged demand charges on monthly basis.

Response of Discom

Order No. 4 of 2013 is applicable only to the plants commissioned during control period mentioned in the order.

Commission's Observation

The response of Discom is noted.

Issue 6: Variation in different parameters of ARR

Bhavnagar District Chamber of Industries has stated that as per Regulation of 7.1 of GERC (MYT) Regulations, 2011, Discoms have to submit proposals of forecasts of individual components/ARR and expected revenue from tariff for the control period. As per Regulation 7.2.1 Discom has to develop the forecast of ARR (a) By assumption relating to behaviours of individual variables of ARR during the control period and (b) Percentage annual reduction in ARR or percentage annual charge in macroeconomic or market index selected to ARR. The forecast provided for ARR and Revenue accrual during control period FY 2011-12 to FY 2015-16 in the petition for truing up for FY 2013-14 is not convincing and methodologies in which it is based has not been specified. There are wide variations in the proposed and Truing up figures every year of MYT Period.

Response of Discom

As per GERC (MYT) Regulations, 2011, company has filed true-up for FY 2013-14 comprising expenses, after giving treatment of controllable and uncontrollable factors, and actual revenue from sale of power MYT order was based on audited accounts for FY 2009-10 and true-up is for 2013-14 and there is time gap of 4 years and the escalation factor considered by the Commission may not be the same as actuals. Hence there is difference in approved cost elements and actual cost elements:



Commission's Observation

The response of Discom is noted. The MYT order is issued for the control period based on the actuals for FY 2009-10 / 2010-11, the true-up is done for FY 2013-14 based on actuals as per audited accounts, hence the variation in the MYT order figures and true-up figures.

Issue 7: Increase in power purchase cost

Bhavnagar District Chamber of Industries has stated that the cost of power purchase is very high though the applicant gets high rates of power purchase approved by the Commission during the year or Mid-term Review of business plan, but Business Plans are not subject to public scrutiny on participation or public hearing.

Response of Discom

ARR Petition for the second control period from FY 2011-12 to FY 2015-16 was submitted under GERC (MYT) Regulations, 2011 and other provisions of the Act. The Commission has issued order dated 6.9.2011 in which power purchase cost for FY 2013-14 was calculated based on actual power purchase cost of 2009-10.

There was increase in fixed and variable cost of power plants and hence increase in power purchase cost was not due to additional purchase of 133 MU but overall increase in cost of power purchase of 23519 MU.

Commission's Observation

The response of Discom is noted. Mid-term review of business plan was carried out after public hearing.

Issue 8: Increase in Employee cost and capitalisation of other expenses

(a) Bhavnagar District Chamber of Industries has stated that in Table 17 of True-up application, employee cost of Rs. 126.72 Crore is shown to be controllable factor but PGVCL has not given any reason as why the licensee failed to contain the cost if the escalation is due to controllable factor.

(b) The Petitioner has not shown any details of other expenses which are capitalized. Against proposed and approved capitalisation of other expenses for



Rs. 124 Cr, the applicant has shown in the same table actual capitalisation at Rs. 255.81 Crore which is more than 100%. It is not understood how in capitalisation of expenses uncontrollable factor comes into picture.

Response of Discom

- (a) Employee expenses comprise salaries, dearness allowance, bonus, terminal benefits (pension of gratuity), leave encashment and staff welfare expenses. There is substantial increase in some of the components of employee's expenses like basic salary, HRA, Compensatory allowance, gratuity, bonus and staff welfare expenses. In view of large scale increase in the coming years, extra provision was required to be made towards leave encashment. Further ambitious capital expenditure plan for releasing new connections as well as other activities has resulted in corresponding increase in employee cost.
- (b) As per accounting policy, O&M expenses incurred for assets put in use can only be part of O&M expenses while O&M expenses incurred for new capital expenditure should be allocated to respective schemes. Based on the same principle, company is capitalizing the expenses pertaining to new CAPEX schemes. In FY 2013-14, the company has capitalized Rs. 255.81 Crore against approved level of Rs. 124 Crore

Commission's Observation

The response of Discom is noted. The expenses are allowed after prudence check.

Issue 9: Energy Efficient Pump sets scheme

Bhavnagar District Chamber of Industries has stated that the applicant has not used a single paise on Energy Efficient pumps as shown in table 14, Para 3.7.1. Further in the same table, the applicant has shown Rs. 86.44 Crore as spent on HVDS scheme against approved amount of Rs. 400 Crore. The scheme of HVDS is important from the point of saving power losses but the applicant has neglected its implementation.

Response of Discom

A scheme was launched for two Talukas of the company viz. Halvad and Amreli, through which the existing pump-set of the consumer was to be replaced by energy efficient pump-set of the consumer having 20% less capacity than the existing pump



sets. The scheme was on cost sharing basis and it was in force up to December 2010. Out of more than 9000 eligible consumers, 1612 had applied and 1608 pump sets were replaced by the company. Scheme could not encourage the consumers for effective participation as for them “gain” was lined with the capacity of the pump. The size of the pump sets being used by majority of the Agriculture consumers of PGVCL area are in the band by 5 HP to 7.5 HP and gain was not so lucrative for them. Hence scheme could not get much response. The company is in the process to introduce the scheme under DSM initiatives.

Regarding HVDS, it is submitted that the company is having large no. of LT category consumers. To eliminate LT distribution and to have better voltage profile as well as for reduction of technical losses and associated commercial losses, company has proposed to shift over to HVDS by erecting small capacity transformers matching with the connected load of individual consumer or very small group of consumers in phased manner. Company decided to implement the scheme on “Turn Key Basis”. However, some of the successful bidders could not carry out the work as envisaged and hence the company had started to do some of the work on its own. Hence the company had incurred Rs. 86.44 Crore as it is desirable to implement HVDS scheme in its distribution area and shall endeavour to achieve the approved target.

Commission’s Observation

The response of Discom is noted. The HVDS scheme may be expedited.

Issue 10: Technical Losses and Failure of Distribution Transformers

Bhavnagar District Chamber of Industries has stated that the calculation given for technical losses of distribution system are basically theoretical and examples given are based on small distribution transformers. Actually most of the technical losses are due to poor quality of transformers and conductors. The applicant, in most cases, used outlived or frequently repaired transformers and in the same way conductors are not tested by the applicant for its alloy mix or other parameters like conductivity, tensile, strength, insulation etc. The applicant should be directed to provide figures of transformers burnt out and failed and also to supply details of how many times transformers are repaired and whether repairs provide any guarantee for winding.



Response of Discom

The Commission has directed Discoms to segregate technical and commercial losses from the total distribution losses. Different methods prevail for calculation of technical / theoretical losses of a feeder. Each has certain assumption for the calculation and same method is consistently followed by the respective Discoms and therefore it holds good for them. For example, if one of the feeders has been enumerated in the petition and the same exercise is carried out for all the feeders to arrive at theoretical / technical losses.

Regarding Distribution Transformers, it is submitted the DT failure rate for FY 2013-14 is 13.93%. Repairers provide the guarantee for repairing the transformer at its own cost if the transformer is failed within the guarantee period.

Commission's Observation

The response of Discom is noted, Discom should reduce the commercial losses.

Issue 11: O&M Expenses

Bhavnagar District Chamber of Industries has stated that in ARR during MYT period, O&M expenses and employee cost are shown separately. A&G charges are shown separately. As per Regulation 2 (43) of GERC (MYT) Regulations, 2011, O&M expenditure includes manpower, repairs spares, consumable, insurance and overheads. In Table 35, Para 4.2.2 O&M expenses, Employee costs, Repairs and Maintenance cost and Administration and General Expenses are all shown separately, whereas Regulation 2 (43) clearly shows all expenses under O&M expenses.

Bhavnagar Induction Furnace Association has stated that Operations and Maintenance cost is always less than the allotted expense. PGVCL spends always less amount in maintenance and creates manmade black out for consumer due to power failure. A&G expenses are always higher than the allocated amount.

Response of Discom

Operations and Maintenance Expenses of PGVCL consists of:

- Employee Expenses
- Repairs and Maintenance Costs



- Administration and General Expenses

As per Tariff order dated 16.04.2013, PGVCL is required to include the following expenses in the O&M expenses:

- Other Debts
- Extraordinary items
- Net prior period expenses/(income)
- Other expenses Capitalised

For the sake of clarity different components of O&M Expenses are shown separately. However treatment of deviation has been given as per provisions of GERC (MYT) Regulations, 2011. For better consumer service, PGVCL spent Rs. 92 Crore under system improvement during FY 2013-14 and for renovation activities in the coastal area more than Rs. 49 Crore.

Commission's Observation

The response of Discom is noted.

Issue 12: FPPPA Charges

Bhavnagar District Chamber of Industries has stated that at the rate of Rs. 1.20/unit FPPPA charges fetches total Rs. 2403.36 Crore at the approved sale of 20028 units, as approved for FY 2015-16 as shown in Table 38 and 36 respectively. Total Revenue as shown in Table 37, Para 4.2.4 is Rs. 7510.11 Crore at the existing tariff. This shows that tariff increase to the extent of 33% in the form of FPPPA charges has already been made effective. Considering the tariff rates at the beginning of MYT period from 2011-12 to 2015-16, this increase in tariff by way of FPPPA charges may come to more than 50%. Hence the comparison of revenue at the existing rates is misleading. In the MYT period, the rates should be compared with the rates at the beginning of the MYT period.

Response of Discom

By nature of FPPPA/PPPA is "adjustment" related power purchase cost i.e. passing the increase or decrease, as the case may be. The PPA charge is levied on the consumer categories on account of change in the cost of power purchase, which comprises almost 80% to 90% of the licensees ARR. Any expense pertaining to the



regulated business of the licensee has to be recovered from all consumers in some manner. The PPPA charges are therefore recovered in the form incremental energy charge (Rs/kWh) recovered as per formula approved by the Commission.

In the power purchase portfolio of the company, majority of the power plants are coal and gas based while oil based power plants are minimal. Quantum of oil used in coal plant as secondary fuel is also negligible and hence reduction in oil cost has no significant impact on overall power purchase cost of company. It is also important to note that reduction in oil cost has happened in third and fourth quarter of FY 2014-15. So whatever negligible benefits will arise due to reduction in oil prices will reflect in FPPPA of Q3 and Q4 of 2014-15.

Commission's Observation

The response of Discom is noted.

Issue 13: Upward revision of tariff in MYT period

Bhavnagar District chamber of Industries has stated that the objector fails to understand the logic behind MYT. Instead of adhering to the approved expenses, the petitioners come before the Commission for upward revision of tariff.

Response of Discom

In MYT order dated 6.9.2011 and Mid-term Review Order dated 29.4.2014, the Commission approved ARR for FY 2015-16 and has not approved tariff for FY 2015-16. As per regulation, the company has filed tariff petition for FY 2015-16 before the start of the financial year to the Commission. Hence the company filed tariff petition in line with GERC (MYT) Regulations, 2011.

Commission's Observation

In the MYT regime ARR is approved for the control period with a provision for Mid-term review. The tariff is determined every year considering gains / losses in the true-up.

Issue 14: Increase in fixed and energy charges in RGP category

Bhavnagar District Chamber of Industries has stated that in RGP category the petitioner has proposed to increase both fixed charges and energy charges in RGP category, which are exorbitantly high and should not be increased.



Response of Discom

It is the basic commercial principle for any organization to recover fixed costs through recovery of fixed charges with the present tariff and part of fixed cost is recovered through energy charges. As a part of rationalization, fixed/demand charges are proposed to be increased including HTP category. Even with proposed increase in fixed/demand charges only 31.57% of the fixed cost is recovered through fixed/demand charges and remaining 68.43% is still being recovered through energy charges. In case of HTP category consumers, the fixed cost recovery through demand charges will be 53% and the remaining 47% will be still recovered through energy charges. In the case of HTP categories, who are not procuring power from the distribution licensee corresponding to their contract demand, the unrecovered 47% of fixed cost otherwise payable by such consumers will be a burden on general body of consumers.

No increase in energy charges is proposed except for some of slabs of RGP category. Revenue from FPPPA charges is worked out at Rs. 1.20/unit.

Regarding increase in tariff for various categories of consumers, the total revenue gap of all four Discoms is about 4.07% of the total revenue at existing tariff. However, overall increase of 2.57% over existing tariff is proposed.

Commission's Observation

The Commission has considered the proposal of Discoms and the appropriate decision is taken.

Issue 15: Increase in Reactive Energy charges for LTMD and Demand charges for HTP I

Bhavnagar District Chamber of Industries has stated that no change in billing demand or reactive energy for LTMD charges should be made as industry is reeling under heavy recession for the last couple of years. For HTP I category, Demand charges in excess of 1000 KVA slab an increase of about 24% has been proposed which the industry will not be able to bear.



Bhavnagar Industries Furnace Association has stated that demand charges for above 1000 KV is increased by Rs. 75 / KVA and the Induction Furnace Industries with a normal contract demand of 3000 plus KVA will be hit in a non-recoverable way. A connection with 4000 KVA contract demand had to pay nearly Rs. 2.25 Lakh plus ED totalling to Rs. 2.55 Lakh / per month.

EHT consumes have to pay unbearable amount. IF PGVCL reduces its employee cost and administration cost up to the limit approved by the Commission, such an increase can be avoided. Further small HT consumer with less than 5000 KVA contract demand has to pay Rs. 430/- for every KVA increase of demand from his routine of Rs. 120/ KVA. In the tariff, an increase of 250% is proposed as the penalty i.e. is Rs. 500 / KVA while a HT consumer with more than 1000 KVA has to pay Rs. 80/- per KVA for increase compared to Rs. 350/- paid by him, which is 30% of the normal rate. The penalty should be taken at some percentage of his last demand.

Response of Discom

It is the prime responsibility of every consumer to maintain PF 0.9 or more. Therefore to maintain grid discipline, an increase in “Reactive Energy charges” is proposed to be recovered from consumers who are not maintaining power factors. Further with the improvement in power factor, the system loss gets reduced which will in turn be passed to consumers.

No comments are offered by PGVCL on penalty charge.

Commission’s Observation

The consumer has to maintain the power factor (PF) 0.9 or more in the interest of system security and to reduce system losses.

Issue 16: Imposition of Restrictions in applicability of GLP category

Bhavnagar District chamber of Industries has stated that in GLP category, condition 3 imposes unnecessary restriction on R&D laboratories being run by industry or government or universities. Such industry is always involved in manufacturing services and this provision will be disincentive to the industry in establishing R&D facilities. Further Government Research Institutes/Laboratories and Universities also sell their research.



Response of Discom

To promote Research and Development such activities are covered under GLP category. It is observed that some manufacturing and service industries, which have small R&D department, are asking for connection under GLP category for total activities. GLP category is not meant for manufacturing and service industries and hence clarity is proposed for this category. For removing ambiguities, the applicability of GLP category is rephrased.

Commission's Observation

The response of Discom is noted. The Commission has taken appropriate decision in this matter.

Issue 17: CAG Audit of Discoms

Gujarat Granito Manufacturers Association, Bhavnagar Induction Furnace Association and Sihor Steel Re-Rolling Mills Association have stated that by presenting the account with major head and without details of all expenses by showing losses, Discoms are asking for further increase in rates. The respondents demand CAG audit of Discoms which are showing figures as per their requirement.

Response of Discom

PGVCL, being a state government owned Discom, financial accounts of the company are always audited by CAG every year.

Commission's Observation

The accounts of the company, being State Government undertaking, are audited by CAG every year.

Issue 18: Declaration of duration of off season period

M/s Kutch Salt & Allied Industries Ltd. and the Gandhidham Chamber of Commerce and Industries have stated that the salt production season occurs during the period between the two consecutive monsoons, which is uncertain and variable each year. The length of the monsoon varies throughout the country. In accordance with tariff schedule, the off season period of the industry should be a full calendar month and it



has to be observed not less than three calendar months and the same has to be notified to Discom one month in advance, which is impossible.

The respondents have suggested that the duration of off season for seasonal salt industry may be shrieked to one and half months and shall be extendable up to 3 months. In case of necessity, notice of actual commencement of off season being the date of onset of monsoon locally may be accepted on the date of said issue of information to the licensee by the consumer.

Response of Discom

Consumer desirous of availing the benefit of off season period is required to give information in advance so that necessary change in Billing Master can be made and consumption during the so called off season period can be billed according to the provisions of seasonal tariff for respective tariff category. It is therefore proposed that such consumer shall intimate the base one month before the commencement of billing period about off season period. Time limit of one month is reasonable and consumer can accordingly plan.

The provisions for “seasonal consumers” are mainly to support the industrial undertakings which are seasonal in nature and cannot run their industries during the entire year”. Span of season may vary year to year and industry to industry but the same cannot be considered for less than three months, otherwise it will become highly subjective leading to operational disputes and difficulties. Time period of three months is reasonable and need not require review for the consumer to be eligible for seasonal tariff.

Commission’s Observation

The Commission agrees with the response of Discom. Notice as indicated to be given by the Industry.

Issue 19: Review of Fuel Cost

Gondal Chamber of Commerce & Industry has requested the Commission to stay the premature tariff of FY 2015-16 by considering the fall in fuel cost in consumers’ interest at large.



Response of Discom

Basic nature of FPPPA/PPPA is “adjustment” related to power purchase cost i.e. passing on increase or decrease as the case may be, and it is being levied on consumer categories on account of change in the cost of power purchase, which comprises almost 80% to 90% of Discoms’ ARR. Since any expense pertaining to regulated business of the licensee has to be recovered from all consumers in some manner, PPPA charges are levied in the form of incremental energy charge (Rs./kWh) as per formula approved by the Commission. Quantum of oil used in coal plant as secondary fuel is negligible and hence reduction in oil cost has no significance on overall power purchase cost of the company. Further reduction in oil cost has happened during Q3 & Q4 of FY 2014-15 and so whatever negligible benefits will arise due to reduction in oil prices, will be reflected in FPPPA of Q3 & Q4 of FY 2014-15.

Commission’s Observation

The tariff is determined by the Commission on the basis of the prices existing at the time of the order. Any subsequent variation in fuel price is passed on through FPPPA.

Issue 20: Revenue gap for FY 2013-14

Consumer Education and Research Society has stated that the revenue deficit of Rs. 925.98 Crore should not be approved by the Commission and requested that only 50% of the revenue gap should be allowed and the remaining should be borne by all Discoms.

Response of Discom

As per GERC (MYT) Regulations, 2011, the company has filed True-up petition for FY 2013-14 comprising expenses (after giving treatment of controllable and uncontrollable factors) and actual revenue from sale for power. Based on the same, revenue gap is worked out for FY 2013-14.

Commission’s Observation

The Commission has taken an appropriate decision taking in to consideration all the factors and the GERC (MYT) Regulations, 2011.



Issue 21: Distribution Losses

Consumer Education and Research Society has stated that in PGVCL the actual distribution losses are 23.20% as against 25.50% approved. It demands reduction in distribution losses by 5% for PGVCL and in case the target is not achieved, then entire burden shall be transferred to Discom and not to consumers.

Bhavnagar Induction Furnace Association has stated that all schemes which contribute in lowering T&D losses are given last priority, like HVDS, SCADA and RAPDRP.

Response of Discom

The distribution loss is a controllable factor and treatment for the deviation is given accordingly while computing revenue gap for FY 2013-14. Company has taken various steps for reduction of distribution loss and ensures loss reduction trajectory as approved by the Commission is followed.

Commission's Observation

The distribution losses in PGVCL are high. It shall complete some of the schemes such as HVDS etc. to reduce the losses to acceptable limit.

Issue 22: Difference in Power Purchase Cost

Consumers Education and Research Society has stated that it fails to understand difference in cost of power purchase/unit and that the Commission has to adjust power purchase cost for each Discom + or – 10% in order to monitor their performance.

Response of Discom

Power Purchase cost for FY 2013-14 is allocated to all Discoms following bulk supply tariff mechanism approved by the Commission.

Commission's Observation

The response of Discom is noted.



Issue 23: Increase in Employee Cost and Appointment of Independent Authority for Investigation.

The consumers Education and Research Society has stated that the large number of recruitments in officers category has put heavy burden on consumers and demanded appointment of Independent Authority under sec 128 of Electricity Act, 2003 for investigation and for submission of report within 30 days to the Commission.

The respondent also demanded details of officers and employees recruited during FY 2013-14 and also to provide details of number of employees as on 31.03.2014 along with Man: MW ratio for PGVCL

Bhavnagar Induction Furnace Association has stated that the proposed increase of nearly 29% is unprecedented and details for such high increase should be furnished.

Response of Discom

Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension and gratuity, leave encashment and staff welfare expenses. There is substantial increase in some of the components like basic salary, HRA, Conveyance allowance, gratuity, bonus and staff welfare expenses. Moreover, in view of retirement of officers / employees in large scale in the coming years, extra provision is required to be made towards leave encashment.

Further ambitious capital Expenditure plan for releasing new connections as well as other activities has resulted in corresponding increase in employee cost.

PGVCL has furnished the following details of employees for FY 2013-14

Particulars	Nos.
Sanctioned	13265
Filled up	12321
Vacant (as on 31.3.2014)	858
Retirement during 2013-14	266
Maximum demand	4134 MW

Commission's Observation

The issues raised by the objector and response of Discom are noted.



Issue 24: Bad Debts

Consumers Education and Research Society has stated that most of the defaulters are from State Governments bodies e.g. Municipal Gram Panchayats, Water Pumping Stations and H.T. consumers and requested the Commission to direct Discoms to adjust these arrears against electricity bills of these bodies instead of transferring the burden on other consumers and also not to sanction any additional amount over that already approved.

Response of Discom

The following steps are taken for recovery of arrears

1. Disconnections
2. Recovery through Civil suits
3. Arranging Lok Adalat etc.

If after disconnection, the consumer does not turn up for payment, the connection is treated as permanently disconnected. Every year, certain amount of some consumers is waived, which is considered as un-recoverable and charged to P&L under “other debits” for the respective years. The same is proposed for recovery in true-up petition as controllable as per GERC (MYT) Regulations, 2011.

No provision is made for bad debts for live consumers even if they are in arrears. Water works connections of Nagarpalikas etc. are still live and their arrears do not affect the provision of bad debts.

Commission’s Observation

The issues raised by the objector is noted. PGVCL shall make efforts to recover all the arrears.

Issue 25: Replacement of Meters

Consumer Education and Research Society has stated that it has been demanding replacement of old electro mechanical meters which are to be replaced as per the provisions of EA, 2003 and Electricity Supply Code Regulations. Further details of non-working old electro mechanical meters under Discoms and measures taken for non-replacement may be furnished.



Response of Discom

The company endeavours to adopt upgraded technologies for metering and started procuring electronic meters now only, static/digital meters are procured and provided. Further automatic method of reading has also been provided on high valued consumer installations.

Company has large base of old consumers and it prioritizes the replacement of non-working, defective, inaccurate meters and very old meters. Company has meter replacement plans and accordingly meters are replaced every year.

Commission's Observation

The issue raised by the objector and response of Discom is noted. The old electromagnetic meters are to be replaced by the static with time bound programme.

Issue 26: Abolition of Meter Rent

Consumer Education and Research Society, Ahmedabad has stated that it has been demanding for abolition of meter rent since two years. Meter rent is demanded even though the cost of the meter is recovered. Discoms are demanding meter rent even if the meter is not working due to faulty installation. The cost of the meter can be recovered through fixed charges. Many SERCs have merged meter rent into fixed charges. The Commission is requested to abolish meter rent and pass suitable orders in new tariff order.

Response of Discom

Meter rent is recovered as per provisions of GERC Regulations. Company has large consumer base, having consumers around 45 Lakh under different categories. Every year more than 10 Lakh consumer's installations are being verified/checked by the company.

Commission's Observation

The issue raised by the objector and response of Discom are noted. The Commission will examine the issue raised.



Issue 27: Details of Pending AG connections /meters

Consumer Education and Research Society has requested the Commission to direct all Discoms to provide:

- (i) No. of metered and unmetered agricultural consumers as on 31.03.2014.
- (ii) No. of meters not working where assessed bills are issued.
- (iii) No. of Electro-Mechanical meters which need replacement as per EA 2003
- (iv) No. of pending applications for agricultural connections.

Bhavnagar Induction Furnace Association has stated that since many years the programme of metering agricultural connections is going with very less target achievement. The GERC may speed-up the work.

Response of Discom

PGVCL has furnished the following details of metered and unmetered agriculture connections as on 31.12.2014.

Category	No. of Connection
Metered Agriculture connections	380844
Unmetered Agriculture connections	260053

Commission's Observation

The response of Discom is noted.

Issue 28: DSM Initiatives

Consumers Education and Research Society objects to the demand of Discoms for proposing huge amount for implementation of DSM measures.

Response of Discom

As per DSM Regulations and as approved by the Commission, expenses perceived to be expended for this activity during FY 2015-16 under these programmes are activities like replacement of fans, providing energy efficient pump sets, providing LEDs etc.

Commission's Observation

The Commission has notified the DSM Regulations to ensure savings to both the consumers as well as the distribution companies and efficient use of the electrical equipments.



Issue 29: Revenue Gap for FY 2015-16

Consumer Education and Research Society objects to any increase in tariff demanded by Discoms as the amount of deficit can be recovered through improvement in performance and economy measures.

The total deficit for all Discoms works out to Rs. 216.83 Crore which is a small amount of 0.66% of total revenue requirement of FY 2015-16.

Response of Discom

In line with GERC (MYT) Regulations, 2011, Company has not proposed any changes in ARR for FY 2015-16 and proposed the same ARR as approved in Mid-term Review Order dated 29.4.2014. Revenue gap for FY 2013-14 based on GERC (MYT) Regulations, 2011 and DSM expenditure as per direction of the Commission is added to work out the total revenue requirement for FY 2015-16.

Revenue at existing as well as proposed tariff for FY 2015-16 is worked out based on sales, no. of consumers and connected load as approved by the Commission for FY 2013-14. PPA charges are calculated at Rs. 1.20/unit (kWh), while other income (consumer related) agricultural subsidy is considered as approved in Mid-term Review order dated 29.4.2014. The total revenue gap for all Discoms is around 4.07% of the total revenue at the existing tariff. The company has proposed an overall increase of 2.57% over the existing tariff.

Commission's Observation

The Commission has examined the issue raised and response of Discom and has taken appropriate decisions.

Issue 30: Separate Tariff for each Discom

Consumers Education and Research Society has demanded separate tariff for each Discoms based on its performance and Revenue requirements since the other three Discoms are cross subsidizing PGVCL which has failed to improve its performance in all parameters. There are separate tariffs for two Discoms of TPL whereas there is single tariff for 4 Discoms. The tariff for poor performing Discom should be higher than better performing Discoms.



Response of Discom

Uniform retail supply tariff for 4 Discoms has been envisaged so that the consumer in the similar categories in the State could have similar tariff without any discrimination as per objective of Electricity Act 2003.

Since 80%-90% of the total cost incurred by Discoms is for power purchase, the same plays an important role in determining ARR as well as gap (surplus) for Discom for a particular year. As the consumer and consumption profiles are different for 4 Discoms, the revenue earning capacities of each of Discoms defer resulting in different ARR. Hence it is necessary to build a mechanism in the projections to bring them to a level playing field. This is proposed to be achieved by BST to each of Discom, which is approved by the Commission. Further the performance of all 4 Discoms is monitored by the Commission and accordingly distribution loss is approved by the Commission.

Commission's Observation

The response of Discom is noted.

Issue 31: Poor Consumer Services

Consumer Education and Research Society has raised the following issues:

- (i) Reconnection charges are still being collected, if bill payment is made after due date.
- (ii) Issue of assessed bills for more than two years and providing adjustment for bills where readings are not taken.
- (iii) Delay in providing new connections, shifting of meters etc.
- (iv) Trapping of consumers under sec 126/135 voltage directive.

Response of Discom

- (i) Reconnection charges are recovered only if the connection is disconnected
- (ii) Generally bill to consumer is issued as per the status of the meter at the time of meter reading. If meter is found to be defective/non-working, energy bills for that billing period is issued on average basis. If any such incident mentioned is noticed, the consumer may approach the CGRF for redressal of grievances.



- (iii) Generally connections are increased as per priority and the standards of performance as laid down.
- (iv) Company is following provisions of Regulations and the Act while inspecting any premises under sec 135 and assessing any consumer under sec 126 of EA, 2003.

Commission's Observation

The response of Discom is noted.

Issue 32: 'Start-up Power' - Insisting of contract demand from generators

The Indian Captive Power Producers Association has stated that insisting of contract demand from generators for their start-up power is a violation of the directives of APTEL and that the Commission itself has in its past tariff order granted relief to generating companies in this regard by converting the demand changers for start-up power from Rs/KVA/day. The licensees are insisting on maintenance of contract demand by generating companies. The Commission is requested to fix up tariff for start-up power in Rs/kWh basis with an appropriate rate as is the practice in other states, such as M.P. and Odisha.

Response of Discom

The Commission in its order dated 29.04.2014 has addressed the issue of start-up power by the generator and modified the provision of HTP-III tariff category and the licensee has continued the same provision for availing power supply under temporary arrangement.

The generator requires power for start-up at any point of time and the distribution licensee has to maintain the network and power supply all the time to meet the eventuality and fixed cost incidental thereto. The generator also should pay demand charges.

Commission's Observation

The issue raised and the response of Discom are noted.



Issue 33: Furnishing of Cost of Supply

Ultra Tech Cements, Federation of Gujarat Industries and M/s Aditya Birla Nova Ltd. have stated that the Petitioners are indulging perpetual and deliberate breach of directions of the Commission to furnish cost of supply since two years.

Response of Discom

Company is in the process of finalizing the cost to serve reports.

Commission's Observation

Discoms are directed to submit the cost to serve report every year along with tariff petition.

Issue 34: Constitution of Dispute Resolution committee for Open Access

The Indian Captive Power Producers Association has suggested for constitution of Dispute Resolution Committee, as in states like Madhya Pradesh, to monitor Open Access and address grievances of consumers relating to Open Access, keeping in view the conflicting interest arising out of common ownership of GETCO and SLDC with Discoms. The Association also suggested that the committee may comprise of one member each from SLDC, STC, Distribution licensee, Energy Department, GERC and representatives of several industrial consumers.

Response of Discom

No comments

Commission's Observation

The suggestion will be examined by the Commission

Issue 35: Night charge benefit on entire consumption

Gujarat Granito Manufacturer's Association, Bhavnagar Induction Furnace Association and Sihor Steel re-rolling Mills Association have stated that the night charge benefit is given after deducting one-third of total consumption and at the same time the peak hour charges are collected on total units consumed during so called peak hours. So a unit which is running 24 hours with nearly same load has to pay 35 or 75 paise/unit for 8 hours of its operation but at the same time, it will not get



a single rupee benefit for the units used in night hours from 10:00 PM to 6.00 AM next day.

Response of Discom

There is a special category for HT consumers for utilization of power exclusively during night hours having reduced energy charge. The object of giving this benefit is to shift their demand to off peak hours and thereby help the grid as well to flatten the demand curve of the utility. But the consumers, who are otherwise of continuous nature or as part of their process, consume power during night hours cannot be considered to have additional efforts to shift their load from peak hours. Hence night hours concession is given on the energy consumption during night hours in excess of one third of total energy consumption of particular month.

Commission's Observation

The response of Discom is noted.

Issue 36: Time of use Charges

Gujarat Granito Manufacturer's Association, Bhavnagar Induction Furnace Association and Sihor Steel Re-Rolling Mills Association have stated that the time of use charges for the energy consumed during a peak hour is a myth created by Discoms to collect more money from HT consumers. The designated peak hours are 7.00 to 11.00 and 15 to 22 each day. Based on all data of demand curve and rate of Open Access power, it can be concluded that 7.00 to 11.00 hours is no more peak hour and power is not costly for those hours. Hence the same should be removed for calculation time of use charges with immediate effect.

Further peak hour load should be observed from 1800 to 2200 hours and rate of power during those hours should be considered to endorse/remove/change in TOU charges.

Response of Discom

Cost of supplying power at peak hours is significantly higher and network requirement for peak hour supply is also high. Thus tariff structure is devised recognizing this fact and allow recovery at high rates for peak hour use.



Commission's Observation

The issue of change in the designated peak hours shall be examined by the Commission separately.

Issue 37: Switching over from HTP-I to HTP-4 category

Bhavnagar Induction Furnace Association has stated that option to exercise to switchover from HTP-I to HTP-IV should be increased by 3 times from 2 times considering the recession and market trend in the industry as it will not result in revenue loss or technical constraint.

Response of Discom

Generally 11 KV onwards system is designed and planned according to actual load established on the existing system. Frequent change in option may result in variation in power supply management. Hence it is not advisable to increase the number of options for conversion from HTP-I to HTP-IV.

Commission's Observation

The appropriate decision on the issue has been taken by the Commission.

Issue 38: Detailed Study of Wheeling Losses

The Indian captive Power Producer's Association has stated that in the determination of wheeling charges and wheeling losses, the Commission has approved 10% as wheeling loss for HT network and 10.31% as loss in LT network, which is not understandable. The Commission is requested to correct the anomaly and approve wheeling loss at HT level as 6% initially and direct for a detailed study to ascertain actual level of losses.

Response of Discom

Charging a wheeling loss is matter of energy accounting. Wheeling losses are worked out on the basis of overall distribution loss level adopted by the Commission. The Commission determines the wheeling loss for the consumers connected at different voltage level.

Commission's Observation

The response of Discom is noted. However, Discoms shall initiate a study on the segregation of HT & LT losses and submit a report by September, 2015.



Issue 39: Levy of Electricity Duty

Gujarat Granito Manufacturer's Association, Bhavnagar Induction Furnace Association and Sihor steel Re-Rolling Mills Association have stated that electricity duty is levied on sale of electricity and by no logic, the same can be levied on demand charge, which is not a sale charge. In Electricity Duty Collection notification it is not mentioned that duty should be collected on demand charge and also on fixed charge.

Response of Discom

Electricity duty is collected as per provisions of Electricity Duty Act.

Commission's Observation

Electricity duty is levied by the State Government and distribution companies collect the same on behalf of State Government.

Issue 40: Restore PF incentive at 1% instead of 0.5% and consideration of TOU and FPPPA charges for calculation of rebate

Gujarat Granito Manufacturer's Association, Bhavnagar Induction Furnace Association and Sihor Steel Re-Rolling Mills Association have stated that PF rebate is given at ½% (0.5%) of energy charge on maintaining PF above 0.95. No rebate is given for maintaining PF between 0.90 - 0.95. Penalty of 1% of energy bill is levied if PF is between 0.85 - 0.90 and at the rate of 2% if the PF is less than 0.85. Almost all electric supply companies in India are providing some incentives for increasing and maintaining good PF. The original rebate rate of 1% of energy should again be restored with total energy cost consideration and also the penalty should be reduced.

Response of Discom

The PF incentive rate of 0.5% is fixed by the Commission in Review Petition No. 1, 2 & 3 of 2007 filed by Western Railway after a lot of discussion and deliberation on both sides.

For the purpose of giving rebate or penalty on PF average PF for the entire billing period is considered, whereas `TOU` charges are levied for the consumption during



a specific period. Therefore, TOU charges cannot be a part of rebate/penalty calculation.

Regarding FPPPA charges, it is stated that basically FPPPA/PPPA is “adjustment” related to power purchase cost i.e. passing on increase/decrease, as the case may be. Thus FPPPA / Power Purchase Agreement charge is variable in nature and therefore cannot be part of rebate or penalty.

Commission’s Observation

The response of Discom is noted.

Issue 41: Increase of Demand charge, energy and fuel cost adjustment

Gujarat Granito Manufacturer’s Association, Gujarat Induction Furnace Association and Sihor Steel Re-Rolling Mills Association have stated that:

The charges are collected under different heads like demand charges, energy charges, fuel cost adjustment charges and time of use charges. Under the disguise of increase in fuel surcharge, the energy cost part of tariff is increasing and every year at the time of tariff confirmation, the distribution companies are coming with increase in demand charges.

Response of Discom

It is a basic commercial principle for any organization to recover its fixed cost through recovery of fixed charges and variable cost from variable charges. Therefore the present tariff structure consists of two part tariff. FPPPA/PPPA is “adjustment” related to power purchase cost i.e. passing on the increase/decrease as the case may be. FPPPA charge is levied on the consumer categories on account of change in cost of power purchases. Any expense pertaining to the regulated business of the licensee has to be recovered from all consumers in same manner. Therefore PPPA charges are recovered in the form of an incremental energy charge (Rs./kWh) as per formula approved by the Commission.

Commission’s Observation

The response of Discom is noted.



Issue 42: Increase in demand charge for HT category

Gujarat Granito Manufacturer`s Association, and Sihor Steel Re-Rolling Mills Association have stated that the demand charge per unit for HT consumers is 1.37 which is the highest in all categories. The net cost per unit to an average HT consumer is Rs. 6.90 and after adding of 15% electricity duty, the lending cost is Rs. 8.05, which is one of highest in the country. PGVCL and other Discoms want to add more burden to HT consumer by way of demand charge. The increase will hurt maximum the SME sector that is not running their units 24 hours. The Captive Power Producers Association have stated that the licensees have proposed tariff in such a way that energy charges are kept artificially low and have skewed the cost recovery towards demand charges in case of HTP-I category which is not justified. A high component monthly demand charges, in comparison to the variable monthly energy charges in the tariff, will make investments in energy conservation and energy efficient measures of the consumers commercially unviable. The hike in energy charge, instead of higher increase in fixed charge, encourages efficient use of electricity and promotes DSM measures.

The recovery through demand charges is quite high. As per the formats submitted by PGVCL, the average demand charges from all consumers are 89 Paise/unit whereas the demand charges proposed to be recovered from HT-I consumers are around Rs. 137 Paise/kWh.

Response of Discom

With the present tariff structure, part of fixed cost is recovered through energy charges. Even with the proposed increase in demand charges for HTP consumers, only 53% of fixed cost is recovered through demand charges and the balance 47% is still to be recovered through energy charges. In case of consumers having contract demand more than 1000 KVA and who are not drawing power from Distribution Licensee corresponding to their contract Demand, the unrecovered 47% of fixed cost, otherwise payable by such consumers, is a burden to general body of consumers. Discoms are required to pay higher UI charges in the event of increase in demand from the schedule and drawal in excess of contract demand puts additional burden on the distribution network too. Therefore it is required to impose strict penalty on excess drawal of power over the contract demand.



Commission's Observation

The response of Discom is noted.

Issue 43: System of earthing, size of main Phase and Neutral conductor and investigation in case of total electrical Accidents

Shri. V.J. Vachharajani, Consumer Safety Activist has raised the following issues for consideration:

1. GERC in its order dated 20.04.2009 directed CEI to frame necessary guidelines for implementation of Rule 33 of IE Rules, 1956 for overhead as well as underground system as per recommendations of CEA. But CEI defaulted the directions of GERC
2. Discoms have missed the main concern – that of lingering short circuit fault
3. Investigation in case of a ten year old boy who died of electrocution is to be carried out to check and if necessary correct the consumer/neutral/source earthing or even earthing system as a preventive measure.

Response of Discom

PGVCL has submitted on the above issues as under

1. GERC issued orders in petition No. 909 of 2007 for providing earth terminal at consumer premises. The company started providing earthed terminal at consumer's premises in compliance with the orders of the Commission. The method providing earthed terminal has been evaluated after thorough examination and exhausting various options in consultation with CEI.
2. Generally 34 Sq. mm All Alloy Aluminium conductor is used for LT distribution and same size of conductor is used for phase and neutral.
3. Each electrical accident is investigated by an officer of the rank, generally by a Dy. Engineer level, and also by the officers of Inspectorate and the cause that lead to electrical accident is analysed and corrective action is taken as a preventive measure.

Commission's Observation

The response of Discom is noted



Issue 44: Cost of Supply

President, Yash Complex Cooperation Service Society Limited has stated that the petitioner has not submitted cost of supply for category of consumers, voltage class of consumers nor the revenue realized for FY 2013-14 for each category. Billed MUs are shown but revenue has not been shown category-wise.

Response of Discom

The company is in the process of filing COS report FY 2013-14. Consumer category wise revenue sale of power for FY 2013-14 is as under.

Sl. No	Particulars	Sales (MUs)	Revenue (Rs. / Crore)
A	LT Consumers (All Categories)	12440	4819
B	HT (Total) (Includes HT Industrial and Railways)	5002	3363
C	Total	17464	8182

Commission's Observation

The response of Discom is noted

Issue 45: Incurring of loss by GUVNL

M/s Utility Users' Welfare Association has stated that GUVNL purchased 77632.4 MU at Rs. 29,482.3 Crore and sold for Rs. 29242.14 Crore and incurred a loss of Rs. 240.17 Crore as shown in its Annual Report of 2013-14. No quantum and cost of procurement source was provided in the audit report. Further GUVNL, being a trading licensee, is getting a fixed trading margin of 0.04/ kWh. In such a case, how could GUVNL incur loss.

Response of Discom

Consequent to unbundling of erstwhile Gujarat Electricity Board, the accumulated loss of Board was kept in GUVNL's account so as to provide clean Balance sheet to the unbundled functional entities and gradually GUVNL is reducing the inherited loss.

Commission's Observation

The response of Discom is noted.



4. Truing up for FY 2013-14

PGVCL, in its submission for True-up for FY 2013-14, has furnished the actual energy sales, expenditure and revenue for FY 2013-14, based on the audited annual accounts for FY 2013-14. The licensee has stated that the truing up for FY 2013-14 is based on the comparison of the actual performance of the FY 2013-14 with the approved aggregate revenue requirement for FY 2013-14 in the Tariff Order dated 6th September, 2011, to arrive at the Gains/(Losses), as per the GERC (MYT) Regulations, 2011.

The Commission has analysed the components of the actual energy sales, expenses, revenue and computed Gains/(Losses) in the process of truing up for FY 2013-14.

4.1 Energy sales

Licensee's Submission

The licensee has submitted the category-wise actual energy sales for FY 2013-14, as given in the Table below:

Table 4.1: Category-wise Actual Sales for FY 2013-14

Sl. No.	Particulars	Sales (MU)	
		FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Submitted in Truing up)
A	LT Consumers		
1	RGP	3,089	2,970
2	GLP	1348	85
3	Non RGP & LTMD	1643	2727
4	Public Water works	438	557
5	Agriculture	5139	6017
6	Public Lighting	95	84
	LT Total (A)	11752	12440
B	HT Consumers		
7	Industrial HT	4376	5002
8	Railway Traction		-
	HT Total (B)	4376	5002
9	KPT	-	22
	Grand Total (A+B)	16128	17464



Commission's Analysis

The Commission, in the MYT order dated 6th September, 2011, had approved the energy sales of 16128 MU for FY 2013-14. As against the above, PGVCL has submitted the actual sales of 17464 MU. The projected actual energy sales are higher by 1336 MU, compared to the sales approved in the order dated 6th September, 2011. There is an increase in sales to HT Industry by 626 MU and agriculture by about 878 MU. There is considerable variation in the sales to commercial and LT Industry, due to re-categorisation. There is also an increase in sales in the Public Water Works category, whereas the actual sales are less in the case of Residential and Public Lighting.

The Commission approves the energy sales of 17464 MU for FY 2013-14, as detailed in the Table below:

Table 4.2: Energy sales approved in the truing up for FY 2013-14

Sl. No.	Particulars	Sales (MU)		
		FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Submitted in Truing up)	FY 2013-14 (Approved in Truing up)
A	LT Consumers			
1	RGP	3,089	2,970	2,970
2	GLP	1348	85	85
3	Non RGP & LTMD	1643	2727	2727
4	Public Water works	438	557	557
5	Agriculture	5139	6017	6017
6	Public Lighting	95	84	84
	LT Total (A)	11752	12440	12440
B	HT Consumers			
7	Industrial HT	4376	5002	5002
8	Railway Traction		-	-
	HT Total (B)	4376	5002	5002
9	KPT	-	22	22
	Grand Total (A+B)	16128	17464	17464

4.2 Distribution Losses

Licensee's Submission

The licensee has submitted that the actual distribution losses for FY 2013-14 are 23.20%, as against the approved level of 25.50% in the Tariff Order for FY 2013-14. It has been submitted by the licensee that, as per GERC (MYT) Regulations, 2011 the distribution losses need to be treated as controllable and any gain or loss has to be dealt with accordingly, as per provisions of GERC (MYT) Regulations, 2011.



Commission's Analysis

PGVCL has submitted that the actual distribution losses are 23.20% for FY 2013-14, as against 25.50% considered in the MYT Order dated 6th September, 2011, for the FY 2013-14.

The Commission considers distribution losses as controllable, as per GERC (MYT) Regulations, 2011. Accordingly, the Commission considers the distribution losses of 25.50%, approved in the MYT Order for the truing up of FY 2013-14, as shown in the Table below, for computation of gain/(losses) due to variance in distribution losses.

Table 4.3: Distribution Losses considered for truing up for FY 2013-14 (%)

Particulars	FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Actual)	FY 2013-14 (Considered in True-up)
Distribution Losses	25.50	23.20	25.50

4.3 Energy Requirement

Licensee's Submission

Based on the actual energy sales for FY 2013-14 and the actual distribution losses for FY 2013-14, the licensee has submitted the energy requirement for FY 2013-14, as given in the Table below:

Table 4.4: Energy Requirement and Energy Balance, as Submitted by PGVCL for FY 2013-14

Sl. No.	Particulars	Unit	FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Submitted in Truing up)
1	Energy Sales	MU	16128	17464
2	Distribution Losses	MU	5520	5276
		%	25.50%	23.20%
3	Energy Requirement	MU	21648	22740
4	Transmission Losses	MU	930	778
5	Total Energy to be Input to the Transmission System	MU	22578	23519
6	Pooled Losses in PGCIL System	MU	485	411
7	Total Energy Requirement	MU	23063	23929

Commission's Analysis

PGVCL has computed the energy requirement, based on the actual distribution losses of 23.20%, actual energy sales of 17464 MU for FY 2013-14 actual transmission loss of 3.95% as per SLDC. It can be seen from the Table given above that the percentage distribution losses are less than those considered in the MYT



Order. The percentage transmission losses are also lower than those considered in the MYT Order.

The Commission has computed the energy requirement of PGVCL for FY 2013-14, based on the energy sales, approved by the Commission, as shown in the Table below:

Table 4.5: Energy Required / Procured Approved by the Commission for Truing up for FY 2013-14

Sl. No.	Particulars	Unit	FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Actuals submitted in the petition)	FY 2013-14 (considered for truing up for the purpose of energy requirement)
1	Energy Sales	MU	16128	17464	17464
2	Distribution Losses	MU	5520	5276	5276
		%	25.50%	23.20%	23.20%
3	Energy Required / Procured	MU	21648	22740	22740
4	Transmission Losses	MU	930	778	935
		%	4.12		3.95
5	Total Energy to be Input to Transmission System	MU	22578	23519	23675
6	Pooled Losses in PGCIL System	MU	485	411	411
7	Total Energy Required / Procured	MU	23063	23929	24086

4.4 Power purchase cost

Licensee's Submission

The licensee has submitted that the company has been allocated share of generation capacities, as per the scheme worked out by GUVNL.

During the year, based on the requirement of power, the generation capacities have been allocated to PGVCL. At one point of time, PGVCL may be drawing higher than its allocated PPA generation, and at another point of time, it may be drawing lower power than its allocated PPA generation. If there is surplus power, the distribution company sells the power to the other distribution company and if there is deficit of power, then power is bought from the other distribution company. The comparison of the approved and actual power purchase cost, as submitted by PGVCL is as shown below:



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Table 4.6: Net Power Purchase Cost for FY 2013-14

(Rs. Crore)

Particulars	Approved in MYT Order	Actual submitted
Total Power Purchase Cost	6473	7888

The Power Purchase Cost given above is the net power purchase cost after considering the net UI Cost Payable/receivable and the revenue from sale of power to GUVNL. PGVCL has submitted the actual power purchase cost during FY 2013-14, as shown in Table below:

Table 4.7: Power purchase cost submitted by PGVCL for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Actual)
A	Cost		
1	From GUVNL		9212
2	Unscheduled Interchange Power Purchase		11
3	From Wind Farm		35
4	Solar Power Purchase		9
5	Reactive Energy Charges		0
B	Income		
1	Sale of Power to GUVNL		1311
2	Unscheduled Interchange		69
	Net Power Purchase Cost	6473	7888

It has been submitted by PGVCL that the variation in the approved cost and the actual power purchase expenses is on account of various reasons. These include change in cost of power, change in quantum of power purchased, consequent changes in the transmission charges payable and GUVNL cost allocation.

The quantum of power purchase depends upon the sales during the year as well as the losses in the system. The actual distribution losses in PGVCL distribution network have been lower than the approved level but the sales was higher than that approved by the Commission and hence, the quantum of power purchased was higher than the approved quantum of power required.

In addition, there is an incidence of lower power purchase cost on account of the lower distribution losses, as compared to the losses approved by the Commission in the Tariff Order.

It is further submitted that variation in power purchase expenses is due to variation in the cost and quantum, which is an uncontrollable factor. Accordingly, any gains or



losses on this account are to be entirely passed on to the consumers. However, the increase or reduction in quantum of power purchase and power purchase expense, due to variation in distribution losses, is a controllable factor; which would result in gains or losses under GERC (MYT) Regulations, 2011 and is dealt with accordingly.

Commission's Analysis

The Commission has examined the actual quantum of power purchased and the power purchase cost during the year FY 2013-14, based on the actual energy sales and the distribution losses submitted by PGVCL. It is observed by the Commission that GUVNL cost allocated to the Discoms is less than 4 paise/unit allowed in the MYT order dated 6th September, 2011. Hence, the Commission allows the same. The sales and the quantum of power purchase and the power purchase cost are as per the audited annual accounts for the FY 2013-14. The power purchase cost, as per the audited annual accounts for FY 2013-14, is Rs. 7888.06 Crore, as shown in the Table below:

Table 4.8: Power purchase cost as per the audited accounts for FY 2013-14

Sl. No.	Particulates	(Rs. Crore)
1	Power Purchase from GUVNL	9212.16
2	Power Purchase from Others (Wind & Solar)	44.33
3	UI Import including Reactive Energy Charges	11.32
4	Total Power Purchase	9267.81
5	Less: Power Sold to GUVNL	1310.89
6	Less: UI Export	68.86
7	Net Power Purchase Cost (4-5-6)	7888.06

The Commission, accordingly, approves the power purchase cost of Rs. 7888.06 Crore in the truing up for FY 2013-14.

Table 4.9: Power Purchase Cost Approved by the Commission for Truing up for FY 2013-14

Particulars	FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Submitted in Truing up)	(Rs. Crore)
Total Power Purchase Cost	6472.59	7888.06	7888.06

4.4.1 Gains/(Losses) due to distribution losses

Licensee's Submission

PGVCL has submitted that there is gain of Rs. 231.41 Crore in the power purchase cost due to lower distribution loss as compared to approved distribution loss in the



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MYT Order. The gain is considered as controllable variation. The calculation of gain on account of lower distribution loss as submitted by PGVCL is shown in the table below:

Table 4.10 (a): Gains/ (Losses) on account of distribution losses for FY 2013-14 as submitted by PGVCL

Sl. No.	Particulars	Unit	FY 2013-14 (with Approved Distribution Losses)	FY 2013-14 (with Actual Distribution Losses)
1	Energy Sales	MU	17464.07	17464.07
2	Distribution Losses	MU	5978.00	5276.00
		%	25.50%	23.20%
3	Energy Requirement	MU	23442.07	22740.07
4	Saving due to Distribution Losses	MU		702.00
5	Average Cost of Power Purchase	Rs. / kWh		3.30
6	Gains/(Losses) Due to Distribution Losses	Rs. Crore		231.41

Commission's Analysis

The Commission had approved the distribution loss at 25.50% in the MYT order, against which the actual distribution loss of PGVCL is 23.20% for FY 2013-14.

The total Gains/(Losses) on account of lower distribution loss are computed in the Table below:

Table 4.10 (b): Gains/ (Losses) on account of distribution losses for FY 2013-14

Sl. No.	Particulars	Unit	Actuals submitted for FY 2013-14	Considered for computation of Gains/(Losses) for FY 2013-14
1	Energy Sales	MU	17464.07	17464.07
2	Distribution Losses	MU	5978.00	5276.00
		%	25.50%	23.20%
3	Energy Requirement	MU	23442.07	22740.07
4	Saving due to Distribution Losses	MU	702.00	702.00
5	Average Cost of Power Purchase	Rs. / kWh	3.30	2.81
6	Gains/(Losses) Due to Distribution Losses	Rs. Crore	231.41	197.26

The total Gains/(losses), on account of higher distribution losses, as submitted by PGVCL is Rs. 231.41 Crore and the same computed by the Commission is Rs. 197.26 Crore. PGVCL's projection is based on Wt. Avg. rate of power purchase as the actual for FY 2013-14, instead of Wt. Avg. rate of power purchase approved by the Commission in the MYT Order.



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While computing the gains/losses due to change in distribution losses, the Commission has considered the distribution losses 25.50%, as approved in MYT Order to arrive at change in energy requirement at the distribution periphery compared to the actual losses of 23.20%. To arrive at gains/(losses) due to change in energy requirement, the Commission considered Wt. Avg. rate of power purchase, as approved in the MYT Order.

The Commission considered change in power purchase cost as an uncontrollable factor, which is attributable to the variation in cost and quantum of power due to variations in sales and transmission loss, while variations in quantum of power, due to distribution losses, are considered as controllable. Accordingly, gains / losses computed, on account of power purchase, are shown in the Table below:

Table 4.11: Approved Gains / (losses) – Power Purchase Expenses for Truing up for FY 2013-14

(Rs. Crore)					
Particulars	FY 2013-14 (Approved in MYT Order)	FY 2013-14 (Approved in True-up)	Deviation + / (-)	Gains/(losses) due to controllable factors	Gains/(losses) due to uncontrollable factors
Total Power Purchase Cost	6472.59	7888.06	(1415.47)	197.26	(1612.73)

4.5 Fixed Charges

4.5.1 Operations and Maintenance (O&M) expenses for FY 2013-14

PGVCL has submitted Rs. 488.87 Crore towards actual O&M expenses in the truing up for FY 2013-14, as against Rs. 497.66 Crore approved for FY 2013-14 in the MYT order dated 6th September 2011, as detailed in the Table below:

Table 4.12: O&M Expenses Submitted in the Truing up for FY 2013-14

(Rs. Crore)				
Sl. No.	Particulars	Approved for FY 2013-14 in MYT Order	Claimed in Truing up for FY 2013-14	Deviation + / (-)
1	Employee Cost	437.33	564.05	(126.72)
2	Repairs and Maintenance	94.07	76.97	17.10
3	Administration and General expenses	83.10	97.95	(14.85)
4	Other Debits	7.16	4.82	2.34
5	Extraordinary Items	-	-	-
6	Net Prior Period Expenses/ (Income)	-	0.88	(0.88)
7	Other Expenses Capitalised	(124.00)	(255.81)	131.81
8	Total O&M Expenses	497.66	488.87	8.79



Licensee's Submission

PGVCL has submitted that the O&M expenses consist of the following elements:

- Employee Expenses
- Repairs and Maintenance Expenses
- Administration and General Expenses
- Other Debits
- Extraordinary Items
- Net Prior Period Expense/ (Income)
- Other Expenses Capitalised

PGVCL has compared the O&M expenses actually incurred during FY 2013-14 with the expenses approved by the Commission for the year in the MYT Order for FY 2013-14 and arrived at a loss of Rs. 124.47 Crore on account of controllable factors and gain of Rs. 133.26 Crore on account of uncontrollable factors, as detailed in the Table below:

Table 4.13: O&M expenses and Gains/(Losses) submitted in the truing up for FY 2013-14 (Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in MYT order	Claimed in Truing up for FY 2013-14	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
1	Employee Cost	437.33	564.05	(126.72)	-
2	Repairs and Maintenance	94.07	76.97	17.10	-
3	Administration and General Expenses	83.10	97.95	(14.85)	-
4	Other Debits	7.16	4.82	-	2.34
5	Extraordinary Items	-	-	-	-
6	Net Prior Period Expenses/ (Income)	-	0.88	-	(0.88)
7	Other Expenses Capitalised	(124.00)	(255.81)	-	131.81
8	Total O&M Expenses	497.66	488.87	(124.47)	133.26

The O&M expenses are discussed component-wise in the following paragraphs.

4.5.2 Employee Cost

PGVCL has submitted Rs. 564.05 Crore towards actual employee cost in the truing up for FY 2013-14, as against Rs. 437.33 Crore approved in the MYT Order. The employee cost approved for FY 2013-14 in MYT order of 6th September, 2011, and submitted by PGVCL in the truing up are as given in the Table below:



Table 4.14: Employee Cost Submitted by PGVCL in the Truing up for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14
Employee Cost	437.33	564.05

Licensee's Submission

PGVCL has submitted that the employee cost was as per the directions of the State Government. PGVCL has requested that the variation in employee cost be considered as uncontrollable and, accordingly, appropriate treatment be given to the same. PGVCL has estimated a loss of Rs. 126.72 Crore, on account of controllable Employee cost.

Commission's Analysis

PGVCL has compared the actual employee cost of Rs. 564.05 Crore incurred during FY 2013-14 with Rs. 437.33 Crore, approved in the MYT Order for FY 2013-14. The actual employee cost, as per the audited annual accounts for FY 2013-14, is Rs. 564.05 Crore.

The Commission considers the employee cost as a controllable expense, as per the GERC (MYT) Regulations, 2011.

The Commission approves the employee cost at Rs. 564.05 Crore in the Truing up for FY 2013-14.

4.5.3 Repairs and Maintenance (R&M) expenses

PGVCL has submitted Rs. 76.97 Crore towards R&M expenses in the Truing up for FY 2013-14, as against Rs. 94.07 Crore approved in the MYT Order for FY 2013-14. The R&M expenses approved for FY 2013-14 in the MYT Order of 6th September 2011, and submitted by PGVCL in the truing up are as given in the Table below:

Table 4.15: R&M Expenses Submitted by PGVCL for the Truing up for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in the MYT Order	Claimed in truing up for FY 2013-14
Repairs and Maintenance Expenses	94.07	76.97

Licensee's Submission

PGVCL has submitted that the assets of PGVCL are old and require regular maintenance to ensure uninterrupted operations. It is further submitted that PGVCL



has been trying its best to ensure uninterrupted operations of the system by undertaking R&M activities, which are uncontrollable in nature.

PGVCL has estimated a gain of Rs. 17.10 Crore due to controllable factors, as the GERC (MYT) Regulations, 2011 provide for considering R&M expenditure as a controllable expenditure.

Commission's Analysis

The actual R&M expenses incurred during FY 2013-14 are Rs. 76.97 Crore, as per the audited annual accounts. The Commission has observed that, though the Discom has stated that the assets are old and require regular maintenance, it could not utilise the amount approved by the Commission under the head. The R&M expense is a controllable item of expenditure under the GERC (MYT) Regulations, 2011.

The Commission approves the R&M expenses at Rs. 76.97 Crore in the truing up for FY 2013-14.

4.5.4 Administration and General (A&G) expenses

PGVCL has submitted Rs. 97.95 Crore towards A&G expenses in the truing up for FY 2013-14, as against Rs. 83.10 Crore approved in the MYT Order. The A&G expenses approved for FY 2013-14 in MYT Order of 6th September, 2011, and submitted by PGVCL in the truing up are as given in the Table below:

Table 4.16: A&G Expenses Submitted by PGVCL in the Truing up for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14
A&G Expenses	83.10	97.95

Licensee's Submission

PGVCL has submitted that the A&G expenses are categorised as controllable expenses in the GERC (MYT) Regulations, 2011 and the actual A&G expenses, when compared with the approved value, resulted in a loss of Rs. 14.85 Crore for FY 2013-14.

Commission's Analysis

The actual A&G expenses, as per the audited annual accounts for FY 2013-14, are Rs. 97.68 Crore excluding expenses of Rs. 0.27 Crore on account of charities. The



actual A&G Expenses are higher than what was approved in the MYT Order for FY 2013-14 by Rs. 14.58 Crore. It is observed that the increase is mainly on account of increase in legal and professional fees and miscellaneous expenses.

The Commission approves the A&G expenses at Rs. 97.68 Crore in the truing up for FY 2013-14.

The factors impacting A&G expenses are controllable in nature, as specified in the GERC (MYT) Regulations, 2011. The Commission, accordingly, considers the losses under A&G expenses as controllable.

4.5.5 Other Debits

Licensee's Submission

PGVCL has submitted the actual other debits at Rs. 4.82 Crore in the truing up, as against Rs. 7.16 Crore approved in the MYT order dated 6th September, 2011 for FY 2013-14.

Commission's Analysis

The actual other debits, as per audited annual accounts for FY 2013-14, are Rs. 4.65 Crore. The other debits represent miscellaneous losses written off and remuneration to auditor.

The Commission approves the other debits as Rs. 4.65 Crore in the truing up for FY 2013-14.

4.5.6 Extraordinary Items

PGVCL has not submitted anything under extraordinary items expenditure in the truing up for FY 2013-14, as against provision of Nil approved in the Tariff Order for FY 2013-14.

Commission's Analysis

The actual extraordinary items expenditure are Nil, as per the audited annual accounts for FY 2013-14.

The Commission approves the extraordinary items expenditure as Nil in the truing up for FY 2013-14.



4.5.7 Net Prior Period Expenses / (Income)

PGVCL has submitted Rs. 0.88 Crore towards net prior period expenses in the truing up for FY 2013-14.

Commission's Analysis

PGVCL did not estimate prior period expenses / income in the MYT Petition for FY 2013-14. These net prior period expenses / income are recognised through a directive in the MYT Order dated 6th September, 2011. The actual net prior period expenses accounted for in the audited annual accounts is Rs. 0.88 Crore excluding adjustment of prior period expenses/income on interest cost.

The Commission, accordingly, approves the net prior period expenses of Rs. 0.88 Crore in the truing up for FY 2013-14.

4.5.8 Other Expenses Capitalised

PGVCL has submitted the actual expenses capitalised at Rs. 255.81 Crore in the truing up for FY 2013-14, as against Rs. 124.00 Crore approved in the MYT Order for the FY 2013-14.

Commission's Analysis

The Commission has observed that the other expenses capitalised represent the capitalisation of employees cost, A&G expenses and interest charges, etc., as can be seen from Note 29 to the Annual Accounts for FY 2013-14. The actual other expenses capitalised are Rs. 260.74 Crore, as per the audited annual accounts for FY 2013-14. These other expenses capitalised include Rs. 4.93 Crore towards capitalisation of interest charges. The interest charges capitalised are excluded from this, since the interest charges are allowed on normative basis against the actual capitalisation of CAPEX.

The Commission approves the other expenses capitalised at Rs. 255.81 (260.74-4.93) Crore, excluding the interest charges capitalised, in the truing up for FY 2013-14.

The total O&M expenses approved in the truing up for FY 2013-14 and the Gains/(Losses) considered due to controllable and uncontrollable factors are detailed in the Table below:



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Table 4.17: Approved O&M Expenses and Gains/(Losses) in the Truing up for FY 2013-14

(Rs. Crore)						
Sl. No.	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
1	Employee Cost	437.33	564.05	(126.72)	(126.72)	0.00
2	Repairs and Maintenance	94.07	76.97	17.10	17.10	0.00
3	Administration and General Expenses	83.10	97.68	(14.58)	(14.58)	0.00
4	Other Debits	7.16	4.65	2.51	0.00	2.51
5	Extraordinary Items	0.00	0.00	0.00	0.00	0.00
6	Net Prior Period Expenses/(Income)	0.00	0.88	(0.88)	0.00	(0.88)
7	Other Expenses Capitalised	(124.00)	(255.81)	131.81	0.00	131.81
8	Total O&M Expenses	497.66	488.42	9.24	(124.20)	133.44

4.5.9 Capital Expenditure, Capitalization and Funding of CAPEX

PGVCL has furnished the capital expenditure at Rs. 1196.22 Crore in the truing up for FY 2013-14, as against Rs. 1429.00 Crore approved in the ARR for FY 2013-14 in the MYT Order. The details are as given in the Table below:

Table 4.18: Capital Expenditure Submitted by PGVCL for FY 2013-14

(Rs. Crore)			
Sl. No.	Particulars	Approved in the MYT Order for FY 2013-14	Claimed in Truing up for FY 2013-14
1	Distribution Schemes	400.00	420.20
2	Rural Electrification Schemes	421.00	554.47
3	Non Plan Schemes	156.00	85.07
4	Others	2.00	-
5	Other New Schemes	450.00	136.48
6	Total Capital Expenditure	1429.00	1196.22

Licensee's Submission

PGVCL has submitted that the actual capital expenditure incurred during FY 2013-14 was Rs. 1196.22 Crore, which is lower than what was approved for FY 2013-14 by Rs. 232.78 Crore in the MYT Order dated 6th September, 2011.

Commission's Analysis

The capital expenditure approved in the ARR for FY 2013-14 in the MYT Order dated 6th September, 2011 was Rs. 1429.00 Crore. The actual capital expenditure incurred is given as Rs. 1196.22 Crore, which is about 84% of the CAPEX approved in the



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ARR for FY 2013-14. The actual capitalisation was Rs. 1229.41 Crore, as per the audited accounts for FY 2013-14. The consumer contribution, as verified from the audited annual accounts, is Rs. 186.08 Crore. The subsidies and grants, as verified from the audited annual accounts, are Rs. 58.28 Crore.

The Commission approves the capitalisation of Rs. 1229.41 Crore in the truing up for FY 2013-14.

The CAPEX, capitalisation and funding submitted by PGVCL, and approved by the Commission, are as given in the Table below:

Table 4.19: Approved Capitalisation and Source of Funding in the Truing up for FY 2013-14

(Rs. Crore)				
Sl. No.	Particulars	Approved in the MYT Order for FY 2013-14	Claimed in Truing up for FY 2013-14	Approved in Truing up for FY 2013-14
1	Capital Expenditure	-	-	-
2	Capitalization	1206.66	1229.41	1229.41
3	Less: Consumer Contribution	186.00	186.08	186.08
4	Less: Subsidies and Grants	9.00	58.28	58.28
5	Balance Capitalization	1011.66	985.05	985.05
6	Debt (70%)	708.16	689.53	689.54
7	Equity (30%)	303.50	295.51	295.51

4.5.10 Depreciation

PGVCL has submitted Rs. 425.27 Crore towards depreciation in the truing up for FY 2013-14. The depreciation charges approved in the MYT Order of 6th September, 2011 and charges submitted by PGVCL in the truing up for FY 2013-14 are as given in the Table below:

Table 4.20: Depreciation Submitted by PGVCL in the Truing up for FY 2013-14

(Rs. Crore)		
Particulars	Approved for FY 2013-14 in MYT order	Claimed in truing up for FY 2013-14
Depreciation	392.20	425.27

Licensee's Submission

PGVCL has submitted that the amount of depreciation, as per actuals, is higher than the approved depreciation. PGVCL has applied the rate of depreciation, as specified by GERC, assuming the asset mix to remain unchanged.

PGVCL has considered the depreciation rate as per the GERC Regulations and computed the depreciation as detailed in the Table below:



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Table 4.21: Fixed Assets and Depreciation Computed by PGVCL for FY 2013-14
(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in MYT order	Claimed in Truing up for FY 2013-14	Deviation + / (-)
1	Gross Block At The Beginning of the Year	6838.80	7455.44	
2	Additions During the Year	1206.66	1229.41	
3	Depreciation for the Year	392.20	425.27	(33.07)
4	Average Rate of Depreciation	5.27%	5.27%	

PGVCL has further submitted that the actual depreciation for FY 2013-14, as against the value approved in the MYT Order, resulted in a net uncontrollable loss of Rs. 33.07 Crore, as detailed in the Table below:

Table 4.22: Gains/ (Losses) due to Depreciation Submitted in the Truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in Truing up for FY 2013-14	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Depreciation	392.20	425.27	0	(33.07)

Commission's Analysis

The opening balance of GFA, the net addition during the year FY 2013-14 and the closing balance of GFA have been verified with the audited annual accounts for FY 2013-14. PGVCL has the opening balance of GFA as Rs. 7455.44 Crore and this is as per the audited accounts for FY 2013-14. The depreciation claimed is Rs. 425.27 Crore that works out to 5.27%. This is line with the GERC (MYT) Regulations, 2011.

The Commission approves the depreciation at Rs. 425.27 Crore in the truing up for FY 2013-14, as detailed in the Table below:

Table 4.23: Approved Depreciation in the Truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Claimed in Truing up for FY 2013-14	Approved for FY 2013-14 in truing up
1	Gross Block at the Beginning of the Year	7455.44	7455.44
2	Additions During the Year	1229.41	1229.41
3	Average Rate of Depreciation	5.27%	5.27%
4	Depreciation for the Year	425.27	425.27

As regards 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 the scope of such a project, change in statutory levies or force majeure events, as a controllable factor. While approving the true-up for FY 2011-12, the Commission had considered the variation in the Capitalisation and the resultant change in depreciation, Interest on borrowings and Return on Equity as uncontrollable.

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 4.24: Gains/(Losses) due to Depreciation 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	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Depreciation	392.20	425.27	0	(33.07)

4.5.11 Interest and Guarantee charges

PGVCL has submitted Rs. 239.76 Crore towards interest and guarantee charges in the truing up for FY 2013-14, as against Rs. 164.31 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.25: Interest and Guarantee Charges Submitted by PGVCL in the Truing up for FY 2013-14 (Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in Truing up for FY 2013-14
Interest and Finance Charges	164.31	239.76

Licensee's Submission

PGVCL has submitted that it has considered the opening balance of loan as the closing balance of loan approved in the truing up for FY 2012-13 in the Tariff Order dated 29th April 2014. The loan addition has been computed at Rs. 689.53 Crore towards loan for funding the CAPEX for FY 2013-14. PGVCL has considered the weighted average rate of interest of 9.02%, as against 7.33% approved in MYT Order for FY 2013-14. In addition to the above, PGVCL has considered the guarantee charges payable on legacy loan from the erstwhile GEB and interest on security deposits. The details of interest and guarantee charges submitted by PGVCL are as given in the Table below:



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Table 4.26: Interest and Guarantee Charges Submitted in the Truing up for FY 2013-14
(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in MYT Order	Claimed in Truing up for FY 2013-14
1	Opening Loans	1551.50	1675.59
2	New Loans During the Year	708.16	689.53
3	Repayment During the Year	392.20	425.27
4	Closing Loans	1867.46	1939.86
5	Average Loans	1709.48	1807.72
6	Interest on Loans	125.31	163.09
7	Interest on Security Deposit	37.00	75.56
8	Guarantee Charges & Other finance Charges	2.00	1.10
9	Total Interest & Guarantee Charges	164.31	239.76
10	Weighted Average Rate of Interest	7.33%	9.02%

PGVCL has further submitted that interest and guarantee charges are categorised as uncontrollable, as per the GERC (MYT) Regulations, 2011 and, accordingly, worked out deviation in the actuals, vis-à-vis the approved expenses under uncontrollable factors and these are as given in the Table below:

Table 4.27: Gains/ (Losses) Submitted due to Interest & Guarantee Charges for FY 2013-14

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in Truing up for FY 2013-14	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Interest and Guarantee charges	164.31	239.76	-	(75.45)

Commission's Analysis

The Commission has analysed the loans for capital expenditure and approved the opening balance of loans towards capital expenditure as Rs. 1675.59 Crore, being the closing balance of loans approved in the truing up for FY 2012-13 as per Tariff Order dated 29th April 2014. This is taken as the opening balance of loans in the truing up for FY 2013-14. The normative addition of loans during FY 2013-14 has been considered at Rs. 689.54 Crore as approved in Table 4.19 based on the actual capitalisation as per the audited annual accounts. PGVCL has submitted the actual interest on security deposit at Rs. 75.56 Crore as per audited annual accounts.

The repayment of loan has been submitted as Rs. 425.27 Crore in the truing up for FY 2013-14, which is equivalent to the depreciation. The guarantee charges, as per audited accounts for FY 2013-14, are Rs. 1.10 Crore. PGVCL has submitted vide e-mail dated 10.01.2015 details of the actual opening balance as on 01.04.2013 for



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each loan portfolio and the rate of interest applicable for each loan portfolio for FY 2013-14. Based on these details, the weighted average rate of interest in accordance with the Clause 39 of GERC (MYT) Regulations, 2011, works out to 9.52%. Taking all these factors into consideration, the interest charges have been computed as detailed in the Table below:

Table 4.28: Interest & Guarantee charges approved by the Commission in the truing up 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	Opening Loans	1675.59	1675.59
2	New Loans During the Year	689.53	689.54
3	Repayment During the Year	425.27	425.27
4	Closing Loans	1939.86	1939.86
5	Average Loans	1807.72	1807.73
6	Weighted Average Rate of Interest	9.02%	9.52%
7	Interest on Loans	163.09	172.10
8	Interest on Security Deposit	75.56	75.56
9	Guarantee and Other Finance Charges	1.10	6.75
10	Total Interest & Guarantee charges	239.76	254.41

The Commission approves the interest and guarantee charges as Rs. 254.41 Crore in the truing for FY 2013-14.

As noted in Para 4.5.10 above, the Commission is of the view that the factors which impact interest and guarantee charges should be treated as uncontrollable.

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

Table 4.29: 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	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Interest and Guarantee Charges	164.31	2541.41	-	(90.10)

4.5.12 Interest on Working Capital

PGVCL has not submitted any claim towards interest on working capital in the truing up for FY 2013-14, against Nil provision approved in the MYT Order for FY 2013-14, which are as detailed in the Table below:



Table 4.30: Interest on Working Capital Submitted by PGVCL in the Truing up for FY 2013-14

(Rs. Crore)		
Particulars	Approved for FY 2013-14 in MYT Order	Claimed in Truing up for FY 2013-14
Interest on Working Capital	Nil	Nil

Licensee's Submission

The licensee has submitted that the interest on working capital has been calculated, based on the GERC (MYT) Regulations, 2011, at an interest rate of 14.45%, being the SBAR of SBI as on 1st April 2013, as against 11.75% approved in the MYT Order for FY 2013-14.

The detailed computation of interest on working capital is as given in the Table below:

Table 4.31: Interest on Working Capital, Submitted by PGVCL in the Truing up for FY 2013-14

(Rs. Crore)			
Sl. No.	Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14
1	O&M Expenses (One Month)	41.47	40.74
2	Maintenance Spares (1% of Opening GFA)	68.39	74.55
3	Receivables	515.02	735.13
4	Less: Security Deposits from Consumers	1,175.08	1,101.70
5	Total Working Capital	(550.20)	(251.27)
6	Rate of Interest on Working Capital	11.75%	14.45%
7	Interest on Working Capital	-	-

Commission's Analysis

The Commission has examined the computation of normative working capital and interest thereon under GERC (MYT) Regulations, 2011. Regulation 41.2 (b) specifies that interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the Financial Year in which the petition is filed. While approving the interest on working capital in the truing up for FY 2012-13, the Commission had decided to consider the interest rate as SBAR prevailing as on 1st April of the Financial Year for which Truing up is being done. The SBAR, as on 1st April 2014, 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.

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



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Table 4.32: Interest on Working Capital Approved in the Truing up for FY 2013-14
(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up for FY 2013-14	Approved for FY 2013-14 in truing up
1	O&M Expenses (One Month)	40.74	40.70
2	Maintenance Spares (1% of Opening GFA)	74.55	74.55
3	Receivables (1 Month of Sales)	735.13	719.58
4	Less: Security Deposit From Consumers (Avg.)	1,101.70	1101.70
5	Total Working Capital	(251.27)	(266.86)
6	Rate of Interest on Working Capital	14.45%	14.45%
7	Interest on Working Capital	-	-

The Commission approves the interest on working capital at Nil in the truing up for FY 2013-14.

4.5.13 Provision for bad debts

PGVCL has submitted Rs. 22.44 Crore towards provision for bad debts in the truing up for FY 2013-14, as against Rs. 8.58 Crore approved in the Tariff Order for FY 2013-14. The details are as given in the Table below:

Table 4.33: Provision for Bad Debts Submitted by PGVCL in the Truing up for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14
Provision for Bad Debts	8.58	22.44

Licensee's Submission

PGVCL has submitted that the actual value of bad debts, when compared with the approved value, resulted in a loss of Rs. 13.86 Crore, on account of controllable factors, as shown in the Table below:

Table 4.34: Provision for Bad Debts for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for Bad Debts	8.58	22.44	(13.86)	-

Commission's Analysis

On a query from the Commission, PGVCL has clarified vide e-mail dated 10.01.2015 that out of the total amount of Rs. 22.44 Crore shown as bad debts written-off in the annual accounts for FY 2013-14, an amount of Rs. 3.28 Crore is the amount actually



written off. On a further query from the Commission, PGVCL vide email dated 04.03.2015 clarified that out of total amount of Rs. 3.28 Crore, Rs. 1.96 Crore waived under Amnesty Scheme. The balance is the provision made in the accounts. The Bad debts written off can be allowed in True-up to the extent of the actual bad debts incurred by the utility as a business risk only. Accordingly, the amount written off under Amnesty Scheme is disallowed in True-Up. In view of the above, the Commission allows the bad debts Rs. 1.32 Crore as the amount written-off in True-up of FY 2013-14 in accordance with GERC (MYT) Regulation 98.8.1.

The Commission, therefore, approves the bad debts as Rs. 1.32 Crore in the truing up for FY 2013-14.

The deviation on account of bad debts written off is Rs. 7.26 Crore and the Commission considers the same as gain of Rs. 7.26 Crore due to controllable factors, as detailed in the Table below:

Table 4.35: Gains/ (Losses) due to Bad Debts 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	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for bad debts	8.58	1.32	7.26	-

4.5.14 Return on equity

PGVCL has submitted Rs. 274.90 Crore towards return on equity in the truing up for FY 2013-14, as against Rs. 265.86 Crore approved in the MYT Order dated 6th September, 2011 for FY 2013-14, which are as given in the Table below:

Table 4.36: Return on Equity Submitted by PGVCL in the Truing up for FY 2013-14 (Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14
Return on Equity	265.86	274.90

Licensee's Submission

PGVCL has submitted that the return on equity is computed considering a rate of 14% on the average of opening and closing equity, taking into account the additions during the FY 2013-14.

The details of computation of return on equity are as given in the Table below:



Table 4.37: Return on Equity Submitted by PGVCL in the Truing up for FY 2013-14
(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14
1	Opening Equity	1,747.25	1,815.81
2	Additional Equity During the Year	303.50	295.51
3	Closing Equity	2,050.75	2,111.32
4	Average Equity	1898.99	1,963.57
5	Rate of Return on Equity	14%	14%
6	Return on Equity	265.86	274.90

Commission's Analysis

PGVCL has furnished the opening equity of Rs. 1815.81 Crore for FY 2013-14 and submitted an equity addition of Rs. 295.51 Crore during the FY 2013-14. The actual opening equity as on 01/04/2013 was Rs. 1815.81 Crore, being the closing balance of equity approved in the True-up for FY 2012-13. The Commission has approved the normative equity addition at Rs. 295.51 Crore given in Table 4.19.

The Commission has computed the return on equity in the truing up for FY 2013-14, as detailed in the Table below:

Table 4.38: Return on Equity Approved for FY 2013-14

Sl. No.	Particulars	Claimed in Truing up for FY 2012-13	Approved in truing Up for FY 2012-13
1	Opening Equity	1,815.81	1,815.81
2	Additional Equity During the Year	295.51	295.51
3	Closing Equity	2,111.32	2,111.32
4	Average Equity	1,963.57	1,963.57
5	Rate of Return on Equity	14%	14%
6	Return on Equity	274.90	274.90

The Commission approves the return on equity as Rs. 274.90 Crore in the truing up for FY 2013-14.

As noted in para 4.5.10 above, the factors impacting the Return on Equity are considered uncontrollable.

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



Table 4.39: Approved Gains/(Losses) Due to Return on Equity in the Truing up for FY 2013-14

Particulars	(Rs. Crore)			
	Approved for FY 2013-14 in MYT Order	Approved in truing up for FY 2013-14	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Return on Equity	265.86	274.90	0	(9.04)

4.5.15 Taxes

PGVCL has submitted Rs. 8.94 Crore provision towards income tax in the truing up for FY 2013-14, as against Rs. 15.24 Crore approved in MYT Order for FY 2013-14, as given in the Table below:

Table 4.40: Taxes Submitted by PGVCL in the Truing up for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in Truing up for FY 2013-14
Provision for Tax	15.24	8.94

Licensee's Submission

The licensee has submitted that the actual tax worked out to Rs. 8.94 Crore, as against Rs. 15.24 Crore approved in the MYT Order for FY 2013-14. PGVCL has further mentioned that tax is a statutory expense and this should be allowed without any deduction. PGVCL has submitted a gain of Rs. 6.30 Crore on account of tax, as given in the Table below:

Table 4.41: Gains/ (Losses) Submitted due to Provision for tax for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for Tax	15.24	8.94	0	6.30

Commission's Analysis

As per the audited annual accounts, the tax expense is shown as Rs. 8.94 Crore. With reference to a query from the Commission PGVCL has submitted in its Email dated 20th January, 2015 that the Tax provision was made for Rs. 8.97 Crore and the actual MAT paid for was Rs. 8.95 Crore. Taking into consideration TDS receivable credit of Rs. 0.01 Crore the actual tax works out to Rs. 8.94 Crore.

The Commission, accordingly, approves the tax paid as Rs. 8.94 Crore in the truing up for FY 2013-14.



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As regard the computation of gains/(losses), Regulation 23.1 considers the variation in taxes on income as uncontrollable.

The Commission, accordingly, approves the gains/(losses) on account of tax on income in the truing up for FY 2013-14, which are as detailed in the Table below:

Table 4.42: Approved Gains/(Losses) due to Tax 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	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for Tax	15.24	8.94	0	6.30

4.5.16 Non-Tariff Income

PGVCL has furnished the actual Non-Tariff income at Rs. 194.93 Crore in the truing up for FY 2013-14, as against Rs. 142.11 Crore approved in the MYT Order dated 6th September, 2011 for FY 2013-14, which are as detailed in the Table below:

Table 4.43: Non-Tariff Income Submitted by PGVCL in the Truing up for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in Truing up for FY 2013-14
Non-Tariff Income	142.11	194.93

Licensee's Submission

PGVCL has submitted that the Commission, for purpose of ARR determination, considers revenue from Tariff on accrual basis, i.e., the amount billed by PGVCL. However, consumers are not paying the entire amount in the stipulated time frame and the revenue collected (cash basis) is lower than the amount billed. In order to fund this gap (receivables so created), PGVCL has to borrow higher amount for its increased working capital requirement. The delayed payment surcharges are payable by the consumers on such unpaid amounts. In the Annual Accounts, the revenue (on the income side) is on billed basis (accrual), but the borrowings for increased working capital also get reflected as increased interest cost under the Interest and Finance Charges account. Thus, in a way, Delayed Payment Charges (DPC) are sources for funding this increased working capital. The Commission considers revenue on accrual basis and the working capital requirement, though computed on normative basis, does not take into consideration the increased receivable (beyond the norms of 1 month) amount that has to funded by PGVCL. If PGVCL were to collect the entire amount that it has billed, there would be no income



from DPC (no receivable would exist). However, the Commission considers income from DPC. As a result, PGVCL is doubly penalised. The income is considered on accrual basis and simultaneously DPC is also considered in the ARR. In view of this, PGVCL requests the Commission not to consider any income from DPC, since this is a source for funding the increased working capital requirement for receivables created on account of uncollected amount not recognised (in the computing working capital requirement and Revenue) by the Commission in the ARR. The petitioner has referred to some of the cases where there is APTEL decision that DPC should not be part of ARR.

The licensee has submitted that the actual value of Non-Tariff income is Rs. 194.93 Crore, as against Rs. 142.11 Crore approved in the MYT Order for FY 2013-14. This resulted in a net controllable gain of Rs. 52.82 Crore, which is as detailed in the Table below:

Table 4.44: Gains/(Losses) Submitted due to Non-Tariff Income for FY 2013-14
(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Non-Tariff Income	142.11	194.93	0	(52.82)

Commission's Analysis

PGVCL has requested that any income from delayed payment charges may not be considered, since DPC is a source of funding the increased working capital requirement for receivables created on account of uncollected amount not recognised in computing working capital requirement and revenue.

Regulation 86.1 indicates the list of various heads to be considered for Non-Tariff income, which includes interest on delayed or deferred payment on bills (term). The Commission, accordingly, considers DPC as a part of Non-Tariff income.

The Commission has verified and found that the actual 'other income' is Rs. 248.28 Crore, including the delayed payment charges of Rs. 53.35 Crore, as per the audited annual accounts for FY 2013-14. The deviation is Rs. 106.17 Crore, which is a gain.

The Commission approves the Non-Tariff income at Rs. 248.28 Crore in the truing up for FY 2013-14.



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Table 4.45: Approved Gains/(Losses) due to Non-Tariff Income in the Truing up for FY 2013-14

Particulars	(Rs. Crore)			
	Approved for FY 2013-14 in MYT Order	Approved in truing up for FY 2013-14	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Non-Tariff income	142.11	248.28	0	106.17

4.6 Revenue from Sale of Power

PGVCL has furnished the total revenue as Rs. 8821.60 Crore in the truing up for FY 2013-14, as against Rs. 6579.19 Crore considered in the MYT Order dated 6th September, 2011 for FY 2013-14, as detailed in the Table below:

Table 4.46: Revenue Submitted in the Truing up for FY 2013-14

Sl. No.	Particulars	(Rs. Crore)	
		Approved for FY 2013-14 in MYT Order	Claimed in truing up for FY 2013-14
1	Revenue from Sale of Power	6055.81	8181.88
2	Other Income (Consumer Related)	124.00	201.41
3	Total Revenue, Excluding Subsidy (1+2)	6180.19	8383.29
4	Agriculture Subsidy	399.00	438.31
5	Total Revenue Including Subsidy (3+4)	6579.19	8821.60

Commission's Analysis

The Commission has verified the total revenue for FY 2013-14 from the audited accounts. The actual revenue from sales, as per audited accounts, is Rs. 8196.67 Crore including supply to bulk licensee. The revenue shown by the licensee from sale of power to GUVNL is Rs. 1310.89 Crore and UI charges receivable are Rs. 68.86 Crore for FY 2013-14 and the same has been adjusted by the Commission against the power purchase cost for the FY 2013-14, as shown in the Table 4.8. The revenue approved in the truing up is given in the Table below:

Table 4.47: Revenue Approved in the Truing up for FY 2013-14

Sl. No.	Particulars	(Rs. Crore)	
		Claimed in truing up for FY 2013-14	Approved for FY 2013-14 in truing up
1	Revenue From Sale of Power	8181.88	8196.67
2	Other Income (Consumer Related)	201.41	201.41
3	Total Revenue Excluding Subsidy (1+2)	8383.29	8398.08
4	Agriculture Subsidy	438.31	438.31
5	Total Revenue, Including Subsidy (3+4)	8821.60	8836.39



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The Commission, accordingly, approves the total revenue of Rs. 8836.39 Crore, including consumer related income, as Rs. 201.41 Crore and agriculture subsidy as Rs. 438.31 Crore in the truing up for FY 2013-14.

4.7 ARR Approved in the Truing up

The Commission reviewed the performance of PGVCL under Regulation 22 of the GERC (MYT) Regulations, 2011, with reference to the audited 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 component discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the Tariff Order dated 6th September, 2011, the actual submitted in truing up and approved for truing up and Gains/(Losses) computed in accordance with GERC (MYT) Regulations, 2011 are as given in the Table below:

Table 4.48: ARR Approved in the truing up for FY 2013-14

(Rs. Crore)							
Sl. No.	Annual Revenue Requirement	Approved for FY 2013-14 in the MYT Order	Claimed in truing up for FY 2013-14	Approved in truing up for FY 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	Cost of Power Purchase	6472.59	7888.06	7888.06	(1415.47)	197.26	(1612.73)
2	Operations and Maintenance Expenses	497.66	488.87	488.42	9.24	(124.20)	133.44
2.1	Employee Cost	437.33	564.05	564.05	(126.72)	(126.72)	0.00
2.2	Repairs and Maintenance	94.07	76.97	76.97	17.10	17.10	0.00
2.3	Administration and General Expenses	83.10	97.95	97.68	(14.58)	(14.58)	0.00
2.4	Other Debits	7.16	4.82	4.65	2.51		2.51
2.5	Extraordinary Items	0.00	0.00	0.00	0.00		0.00
2.6	Net Prior Period Expenses / (Income)	0.00	0.88	0.88	(0.88)		(0.88)
2.7	Other Expenses Capitalised	(124.00)	(255.81)	(255.81)	131.81		131.81
3	Depreciation	392.20	425.27	425.27	(33.07)		(33.07)
4	Interest and Finance Charges	164.31	239.76	254.41	(90.10)		(90.10)
5	Interest on working capital	0.00	0.00	0.00	0.00		0.00
6	Provision for Bad Debts	8.58	22.44	1.32	7.26	7.26	



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Sl. No.	Annual Revenue Requirement	Approved for FY 2013-14 in the MYT Order	Claimed in truing up for FY 2013-14	Approved in truing up for FY 2013-14	Deviation +/-	Gains/ (Losses) due to controllable factors	Gains/ (Losses) due to uncontrollable factors
7	Return on Equity	265.86	274.90	274.90	(9.04)		(9.04)
8	Provision for Tax / Tax Paid	15.24	8.94	8.94	6.30		6.30
9	Total Expenditure	7816.44	9348.24	9341.31	(1524.87)	78.36	(1605.19)
10	Less: Non-Tariff Income	142.11	194.93	248.28	(106.17)		(106.17)
11	Aggregate Revenue Requirement	7674.33	9153.31	9093.03	(1418.70)	78.36	(1499.02)

4.8 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:

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

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

4.9 Revenue (Gap) / Surplus for FY 2013-14

As shown in the Table below, PGVCL has submitted a revenue gap of Rs. 393.76 Crore in the truing up after treatment of gains / (losses) due to controllable / uncontrollable factors after comparing the performance with the Tariff order for FY 2013-14.

Table 4.49: Projected Revenue (Gap) / Surplus FY 2013-14
(Rs. Crore)

Sl. No.	Particulars	FY 2013-14
1	Aggregate Revenue Requirement originally approved for FY 2013-14	7,674.33
2	Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(1,572.05)
3	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	31.03
4	Revised ARR for FY 2013-14(1- 2- 3)	9,215.35
5	Revenue from Sale of Power	8,181.88
6	Other Income (Consumer related)	201.41
7	Agriculture Subsidy	438.31
8	Total Revenue including Subsidy (5+6+7)	8,821.60
9	Revised (Gap) / surplus after treating gains/(losses) due to Controllable/ Uncontrollable Factors (8 - 4)	(393.76)



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The Commission compared the actual performance of PGVCL with the values approved in the MYT Order dated 6th September, 2011.

The Commission arrived at the revised ARR and revenue gap, based on the expenses and the gains / loss approved in the truing up for FY 2013-14. The revenue (gap) / surplus approved by the Commission for FY 2013-14 is summarised in the Table below:

Table 4.50: Revenue Surplus/(Gap) approved in the truing up for FY 2013-14
(Rs. Crore)

Sl. No.	Particulars	FY 2013-14
1	ARR approved in Tariff Order dated 6 th September 2011 for FY 2013-14	7674.33
2	Gains / (Losses) on Account of Uncontrollable factors to be Passed on to the Consumers	(1499.02)
3	Gain/ (Loss) on Account of Controllable factors to be Passed on to the Consumers (1/3rd of total gain/loss)	26.77
4	Revised ARR for FY 2013-14 (1-2-3)	9146.58
5	Total Revenue from Sales	8196.67
6	Other Income (Consumer Related)	201.41
7	Agriculture Subsidy	438.31
8	Total Revenue, Including Subsidy (5+6+7)	8836.39
9	Revised Surplus/(Gap) after Treating Gains/(Losses) due to Controllable/Uncontrollable factors (8-4)	(310.19)

4.10 Consolidated revenue Surplus/(Gap) of the Discoms for FY 2013-14

The consolidated revenue surplus / (gap) of the four Discoms viz. DGVCL, MGVCL, PGVCL and UGVCL, after truing up of FY 2013-14 is summarised below.

Table 4.51: Consolidated revenue surplus / (gap) of four Discoms for FY 2013-14
(Rs. Crore)

Sl. No.	Discoms	Surplus/(Gap)
1	DGVCL	(83.18)
2	MGVCL	(19.78)
3	PGVCL	(310.19)
4	UGVCL	(272.25)
	Total	(685.40)

While determining the ARR for FY 2015-16 in the MYT Order dated 6th September, 2011, the Commission has considered GUVNL cost of 4 paise per unit to be added to power purchase cost of each Discom. GUVNL is entrusted for purchase of power on behalf of Discoms and sale of surplus power, if any, thereby adjusting power purchase cost of the Discoms. The 4 paise / unit is allowed by the Commission to



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GUVNL for meeting their expenses to carry out the business entrusted to it. It is very clear that any profit earned by GUVNL out of its statutory activities should be distributed amongst Discoms as the entire cost of GUVNL is being borne by Discoms. In view of the above, the Commission decides to adjust the amount of Rs. 12.88 Crore which is profit After Tax in P& L Statement of the Annual Accounts of GUVNL for FY 2013-14 in proportion to the actual energy procured, as shown in the Table below:

Table 4.52: Net revenue (Gap) / Surplus approved for FY 2013-14

Sl. No.	Particulars	DGVCL	MGVCL	PGVCL	UGVCL	Total
1	Energy procured by four State Owned Discoms (in MUs)	13964	8438	24086	16463	62951
2	% share in procurement of energy	22.18%	13.40%	38.26%	26.15%	100.00%
3	Distribution of excess cost recovery by GUVNL as per % shown in (2) (in Rs. Crore)	2.86	1.73	4.93	3.37	12.88
4	Revenue (gap) / surplus after truing up of FY 2013-14 (in Rs. Crore)	(83.18)	(19.78)	(310.19)	(272.25)	(685.40)
5	Net revenue (gap) / surplus of FY 2013-14 to be considered (4+3) (in Rs. Crore)	(80.32)	(18.06)	(305.26)	(268.88)	(672.52)



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 201516 for PGVCL. 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

Sl. No.	Particulars	(Rs. Crore) Approved in Mid-term Review
1	Cost of Power Purchase	9204.68
2	Operations and Maintenance Expenses	411.35
2.1	Employee Cost	562.16
2.2	Repairs and Maintenance	83.21
2.3	Administration and General Expenses	114.91
2.4	Other Debits	3.71
2.5	Extraordinary Items	-
2.6	Net Prior Period Expenses / Income	-
2.7	Other Expenses Capitalised	(352.64)
3	Depreciation	567.63
4	Interest and Finance Charges	332.24
5	Interest on Working Capital	0
6	Provision for Bad Debts	2.14
		10,518.04
7	Return on Equity	359.42
8	Provision for Tax / Tax Paid	15.00
9	Total Expenditure (1 to 8)	10,892.45
10	Less: Non-Tariff Income	278.65
11	Aggregate Revenue Requirement	10,613.80

5.3 Projected Revenue from the Existing Tariff for FY 2015-16

PGVCL has projected the Revenue from sale of power as Rs. 10570.47 Crore for FY 2015-16 with existing Tariff, including FPPPA of Rs. 1.20 per kWh, other consumer-related income and agriculture subsidy, as detailed in the Table below:



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Table 5.2: Projected Revenue for FY 2015-16

Sl. No.	Parameter	(Rs. Crore)
		Projected for FY 2015-16
1	Revenue from Sale of Power @ Existing Tariff	7510.11
2	Revenue From FPPPA at Rs. 1.20 per kWh	2403.36
3	Other Income (Consumer Related)	221.00
4	Agriculture Subsidy (Expected from Government)	436.00
5	Total Revenue	10570.47

The Category-wise estimated sales, number of consumers, connected load and sales revenue are as given in the Table below:

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

Sl. No.	Particulars	Projected for FY 2015-16	
		Sales (MU)	Revenue (Rs. Crore)
A	LT Consumers		
1	Residential	3,551.00	1,302.77
2	Commercial	113.00	44.56
3	Industrial LT	3,719.00	1,903.19
4	Public Water Works	748.00	247.57
5	Agriculture	6,005.00	775.72
6	Public Lighting	93.00	36.77
	Total (A)	14,229.00	4,310.57
B	HT Consumers		
1	Industrial HT	5,799.00	3,199.54
2	Railway Traction	-	-
	HT Total (B)	5,799.00	3,199.54
	Grand Total	20,028.00	7,510.11

PGVCL has projected a revenue gap of Rs. 477.09 Crore for FY 2015-16 with existing tariff, as detailed in the Table below:

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

Sl. No.	Parameter	FY 2015-16 (Projected)
1	Aggregate Revenue Requirement	10,613.80
2	Revenue Gap from True-up of FY 2013-14	393.76
3	DSM Programme expenditure	40.00
4	Total Aggregate Revenue Requirement	11,047.56
5	Revenue with Existing Tariff	7,510.11
6	FPPPA Charges @ 120 paisa/kWh	2,403.36
7	Other Income (Consumer related)	221.00
8	Agriculture Subsidy	436.00
9	Total Revenue including subsidy (5 to 8)	10,570.47
10	Gap / (Surplus) (4-9)	477.09



Commission's Analysis

The Commission has reviewed the sales projected in the Mid-term Review and approved the sales at 20028.00 MU in the Mid-term Review for FY 2015-16. The Commission has recomputed the sales revenue, based on the sales approved in the Mid-term Review, and applying FPPPA @ Rs. 1.20 per kWh, as detailed in the Table below:

The Revenue projected by PGVCL for FY 2015-16 and approved by the Commission are given in the Table below:

Table 5.5: Approved Sales and Category Wise Revenue for FY 2015-16

Sl. No	Particulars	Projected by PGVCL		Approved by the Commission	
		MU	(Rs. Crore)	MU	(Rs. Crore)
A	LT Consumers				
1	RGP	3,551.00	1,302.77	3,551.00	1,302.77
2	GLP	113.00	44.56	113.00	44.56
3	Industrial – LT & Non RGP	3,719.00	1,903.19	3,719.00	1,903.19
4	Public Water Works	748.00	247.57	748.00	247.57
5	Agriculture	6,005.00	775.72	6,005.00	775.72
6	Public Lighting	93.00	36.77	93.00	36.77
	LT Total (A)	14,229.00	4,310.57	14,229.00	4,310.57
B	HT consumers				
7	Industrial - HT	5,799.00	3,199.54	5,799.00	3,199.54
8	Railways	-	-	-	-
	HT Total (B)	5,799.00	3,199.54	5,799.00	3,199.54
9	Sub Total	20,028.00	7,510.11	20,028.00	7,510.11
10	FPPPA		2,403.36		2,403.36
11	Add: Other Income (Consumer Related)		221.00		221.00
12	Total		10134.47		10134.47
13	Add: Agriculture Subsidy		436.00		436.00
14	Total Revenue Including Agriculture Subsidy		10570.47		10570.47

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 applied the existing tariff on the approved sales for each category of consumers. The total revenue from sale of power computed by the Commission at existing tariff is Rs. 10570.47 Crore, including FPPPA. The FPPPA rate has been considered at Rs. 1.20 per unit. The estimated (gap)/surplus for FY 2015-16 is given in the Table below:



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**Table 5.6: 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	10613.83
2	Revenue Gap from True-up of FY 2013-14	305.26
3	DSM Programme expenditure	40.00
4	Total Aggregate Revenue Requirement	10959.09
5	Revenue with Existing Tariff	7510.11
6	FPPPA Charges @ 120 paisa/kWh	2403.36
7	Other Income (Consumer related)	221.00
8	Agriculture Subsidy	436.00
9	Total Revenue including subsidy (5 to 8)	10570.47
10	(Gap) / Surplus (9-4)	(388.62)

As the uniform tariff for State owned Discoms has been envisaged in the MYT Order dated 6th September, 2011, it is necessary to consider the consolidated surplus of FY 2015-16 for all the State owned Discoms, while determining the tariff for FY 2015-16. The consolidated (gap)/surplus computed for FY 2015-16 is shown in the Table below:

**Table 5.7: Consolidated (Gap)/Surplus computed for FY 2015-16
(Rs. Crore)**

Sl. No.	Particulars	DGVCL	MGVCL	PGVCL	UGVCL	Total
1	Total revenue gap for FY 2015-16 including truing up	(23.79)	(3.23)	(388.62)	(149.76)	(565.40)

Further, the Discoms had filed an appeal before Hon'ble APTEL on the Tariff orders dated 16.04.2013 issued by the Commission. Hon'ble APTEL has given its verdict on the Discoms' appeal on 04.12.2014. The Commission has issued the consequential order on 24.03.2015 to implement the judgement dated 04.12.2014 of Hon'ble APTEL. As per the aforementioned order of the Commission, previous years consolidated gap of Rs. 288.33 Crore has been considered. Further, an amount of Rs. 142.72 Crore actually paid by GUVNL/Discoms to M/s Adani Power Ltd. towards custom duty as against the claim of Rs. 255.43 Crore as per their letter dated 31.01.2015 is also added in the consolidated gap worked out in the Table 5.7 above. Accordingly, a total amount of Rs. 431.10 Crore (288.33+142.77) is added to the consolidated gap of Rs. 565.40 Crore as worked out in the Table 5.7 above. Thus, the total consolidated gap of Rs. 996.50 Crore (565.40+431.10) is considered by the Commission for determination of tariff for FY 2015-16.



6. Fuel and Power Purchase Price Adjustment

6.1 Fuel Price and Power Purchase Price Adjustment

The Commission, vide its order in Case No. 1309/2013 and 1313/2013 dated 29.10.2013, has approved the formula as mentioned below:

6.2 Formula

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

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.



6.3 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for all the Discoms including fixed cost, variable cost, GETCO cost, PGCIL charges, SLDC charges for the FY 2015-16 from the various sources in the order of Mid-term Review of Business Plan as given in the Table below:

Year	Total Energy Requirement (MU)	Fixed cost (Rs. Crore)	Variable costs (Rs. Crore)	GETCO costs (Rs. Crore)	GUVNL charges (Rs. Crore)	PGCIL charges (Rs. Crore)	SLDC charges (Rs. Crore)	Total Power Purchase cost (Rs. Crore)	Power Purchase cost per unit (Rs./kWh)
FY 2015-16	82798	11446	15779	2770	331	789	19	31134	3.76

As mentioned above the base Power Purchase cost for the Discoms is Rs. 3.76/kWh and the base FPPPA charge is Rs. 1.20/kWh.

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

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on website of the Licensee / GUVNL.

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

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



7. Wheeling charges and Cross Subsidy Surcharge

7.1 Allocation matrix

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

The allocation matrix for allocation of costs between wires business and retail supply business as adopted by the Commission in MYT order is shown in the Table below:

Table 7.1 Allocation matrix for segregation of wheeling and retail supply for PGVCL

Sl. No.	Allocation Matrix	Wires Business	Retail Supply Business
1	Power Purchase Expenses	0%	100%
2.1	Employee expenses	60%	40%
2.2	Repairs & Maintenance expenses	90%	10%
2.3	Administration & General Expenses	50%	50%
2.4	Other Debits	50%	50%
2.5	Extraordinary Items	50%	50%
2.6	Net Prior Period Expenses / (Income)	25%	75%
2.7	Other Expenses Capitalised	55%	45%
3	Depreciation	90%	10%
4	Interest & Finance charges	90%	10%
5	Interest on Working Capital & Security Deposit	10%	90%
6	Bad debts written off	0%	100%
7	Income tax	90%	10%
8	Return on Equity	90%	10%
9	Non-tariff income	10%	90%

The Commission has adopted the same allocation matrix and estimated segregated approved ARR for wires business and retail supply business for PGVCL for FY 2015-16 as given in Table 7.2.



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Table 7.2: Allocation of ARR between wire and retail supply business for PGVCL for FY 2015-16

Sl. No.	Allocation Matrix	App ARR for FY 2015-16	Wires Business	Supply Business
1	Cost of Power Purchase	9204.68	0.00	9204.68
2	Operations & Maintenance Expenses	411.35	277.54	133.81
2.1	Employee Cost	562.16	337.30	224.86
2.2	Repairs & Maintenance	83.21	74.89	8.32
2.3	Administration & General Charges	114.91	57.46	57.46
2.4	Other Debits	3.71	1.86	1.86
2.5	Extraordinary Items	-	0.00	0.00
2.6	Net Prior Period Expenses / (Income)	-	0.00	0.00
2.7	Other Expenses Capitalised	352.64	193.95	158.69
3	Depreciation	567.63	510.87	56.76
4	Interest & Finance Charges	332.24	299.02	33.22
5	Interest on Working Capital	0	0.00	0.00
6	Provision for Bad Debts	2.14	0.00	2.14
7	Sub-Total [1 to 6]	10518.04	1087.43	9430.61
8	Return on Equity	359.42	323.48	35.94
9	Provision for Tax / Tax Paid	15.00	13.50	1.50
10	Total Expenditure (7 to 9)	10892.45	1424.40	9468.06
11	Less: Non-Tariff Income	278.65	27.87	250.79
12	Aggregate Revenue Requirement (10 - 11)	10613.80	1396.54	9217.27

7.2 Wheeling charges

The wheeling charges for the four Distribution Companies, DGVCL, MGVCL, PGVCL and UGVCL for the FY 2015-16 as given below are applicable for use of the distribution system of a licensee by other licenses or generating companies or captive power plants or consumers / users who are permitted Open Access under section 42 (2) of the Electricity Act, 2003.

Sl. No.	Particulars	Units	Amount
1	Distribution costs of the four Discoms	Rs. crore	3219.06
2	Distribution cost of the four Discoms at 11 kV level (30% of total distribution cost)	Rs. crore	965.72
3	Energy input at 11 kV	MU	69965
4	Wheeling charges at 11 kV	Ps./kWh	14
5	Wheeling charges at 400 V (LT)	Ps./kWh	51

Detailed computation of wheeling charges is shown in the Annexure 7.1.

Distribution losses

The distribution loss at 11 kV and 400 V during FY 2015-16 are given below:

Particulars	Point of energy delivered	
	11 kV	400 Volts
11 kV, 22 kV and 33 kV	10%	15.98%
400 Volts		9.55%



The losses in HT and LT network are 10% and 9.55% respectively, with respect to energy input to the segment of the system. In case injection at 11 kV levels and drawal at LT level involved use of both the networks i.e. 11 kV and LT, the combined loss works out to 15.98% of the energy injection at 11 kV network.

The above wheeling charges payable shall be uniform for all the four distribution companies viz. DGVCL, MGVCCL, PGVCL and UGVCL.

7.3 Cross Subsidy Surcharge

The cross subsidy surcharge is based on the formula given in the Tariff Policy 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 7.3: Cross subsidy surcharge approved by the Commission for FY 2015-16

Sl. No.	Particular	HT industry
1	T	Rs. 7.41 / kWh
2	C	Rs. 6.07 /kWh
3	D	14 Ps/kWh
4	L	10%
5	S = cross subsidy surcharge	59 Ps/kWh

Computation of Cross subsidy surcharge

1. Discom weighted Average HT tariff including base FPPPA charge @ Rs. 1.20 per unit

Particulars	DGVCL	MGVCL	PGVCL	UGVCL	Average HT Tariff (Rs./kWh)
HT Industry	7.43	7.82	7.12	7.51	7.41



2. Wt. average power purchase cost of top 5% at the margin excluding liquid fuel base generation and renewable power.

The Commission has considered 50% availability of energy from costlier gas based power stations looking to the limited supply of gas. The Commission has also added costs of GETCO, PGCIL, GUVNL and SLDC in the average power purchase cost as shown below:

Stations	Energy procured (MU)	Avg. Rate (Rs./kWh)	Total cost of power (Rs. crore)
GPEC	1164	6.5424	761.54
Utran extension	1003	5.4368	545.04
Sikka TPS	1974	5.0099	988.96
Total	4140		2295.53

Average power purchase cost = $\{[(2295.53/4140)*10] + [\text{GETCO, PGCIL, GUVNL and SLDC cost @ Rs. 0.52/kWh}]\} = \text{Rs. 5.96/kWh.}$

Cross subsidy surcharge

For H.T. : $S=7.41-[6.07(1+10/100)+0.14] = \text{Rs. 0.59/kWh}$



Computation of Wheeling Charges

Sl. No	Particulars	Unit	DGVCL	MGVCL	PGVCL	UGVCL	TOTAL
1	Distribution		533.44	540.63	1396.54	748.45	3219.06
a	11 KV level (at 30%)	Rs. Crore	160.03	162.19	418.96	224.54	965.72
b	LT level (at 70%)	Rs. Crore	373.41	378.44	977.58	523.92	2253.34
2	Energy input at Discom periphery	MU	15718	9092	977.58	523.92	69965
3	Wheeling charges at 11 kV (a/2)*1000	Ps. / kWh	10.18	17.84	16.11	11.73	13.80
4	11 kV losses (@10%)	MU	1571.80	909.20	2601.00	1914.50	6996.50
5	Sales at 11kV	MU	6052.00	2845.00	5799.00	4483.00	19179.00
6	Energy input at LT (2 - (4+5))	MU	8094.20	5337.80	17610.00	12747.50	43789.50
7	Wheeling charges at LT (1(b)/6)*1000	Ps. / kWh	46.13	70.90	55.51	41.10	51.46
8	Sales at LT level	MU	7858.00	5156.00	14229.00	12365.00	39608.00
9	LT loss (6-8)	%	236.20	181.80	3381.00	382.50	4181.50
10	Total losses (4+9)	MU	1808.00	1091.00	5982.00	2297.00	11178.00
		%	11.50%	12.00%	23.00%	12.00%	15.98%



8. Compliance of Directives

8.1 Compliance of Directives

The Commission, in its Tariff Orders dated 2nd June, 2012, 16th April 2013 and 29th April, 2014 had issued various directives to UGVCL. UGVCL has submitted compliance report on the directives issued.

The Commission's comments on the status of compliance of the directives by UGVCL are given below. The Commission has also issued fresh directives to the licensee, wherever required.

Earlier Directives

Directive 1: Segregation of Technical and Commercial Losses

The Commission directed PGVCL to carry out similar exercise for FY 2013-14 as carried out for FY 2012-13.

Compliance

Technical Losses of the distribution system largely depend upon "Load" on the line and configuration of line besides other technical parameters like type and size of conductor used, length of line etc. Since, loading on the line is highly dynamic throughout the year; it is very difficult to ascertain technical losses by conducting Energy Audit for a part of year. Further, it varies year on year, therefore, such exercise has to be carried out every year for assessing the technical losses. Moreover, any such exercise has always some kind of assumptions.

Sample calculation of theoretical loss is given under:

Feeder Parameters:

Name of Feeder: 11 KV HAJIPAR JGY

Name of 66 KV Substation (from where feeder emanates): 66 KV Pashvi

Name of Circle: Bhavnagar

Total numbers of Distribution Transformer connected on feeder (Capacity wise):



- (a) 16 KVA – 3 Nos.
- (b) 25 KVA -2 Nos.
- (c) 63 KVA -3 Nos.

Total KVA = 287 KVA

Maximum Amp -15

Unit sent out during 2013 -14: 994201 Kwh

Main length of 11 KV Line: 7.1 Kms.

Normative LDF:

For Urban category feeder: 1.5

For Rural Category feeder: 2.0

$$\begin{aligned}
 \text{(A) Diversity Factor (DF)} &= \frac{\text{Connected Load (In KVA)}}{\text{Peak Load (i.e. } 1.732 \times 11 \text{ KV} \times \text{Max Amp.)}} \\
 &= \frac{278}{1.732 \times 11 \times 15} \\
 &= \mathbf{1.004}
 \end{aligned}$$

$$\begin{aligned}
 \text{(B) Load Factor (LF)} &= \frac{\text{Unit Sent-Out (In KWh)}}{1.732 \times 11 \text{ KV} \times \text{Max Amp.} \times \text{P.F.} \times 8760} \\
 &= \frac{994201}{1.732 \times 11 \times 15 \times 0.8 \times 8760} \\
 &= \mathbf{0.496}
 \end{aligned}$$

$$\begin{aligned}
 \text{(C) Loss Load Factor (LLF)} &= (0.8) \times (\text{L.F.})^2 + (0.2) \times (\text{L.F.}) \\
 &= 0.8 \times (0.496)^2 + (0.2 \times 0.496) \\
 &= \mathbf{0.30}
 \end{aligned}$$

(D): Calculation of Distribution Transformer loss and LT Line loss:

Table 1: Normative values of Iron Losses, Copper Losses & LT Line Losses Transformer capacity wise

Sr.No.	X'mer Capacity	Iron Loss in Watts	Copper Loss in Watts	Avg. LT Line Loss in Watts
A	5			
B	10	45	225	35
C	16	65	425	48



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Sr.No.	X'mer Capacity	Iron Loss in Watts	Copper Loss in Watts	Avg. LT Line Loss in Watts
1	25	100	720	63
2	50	200	1300	163
3	63	200	1300	260
4	100	290	1850	1308
5	200	480	2500	2410
6	250	580	4500	---
7	300	580	4500	3008
8	500	650	5600	18910
9	650	650	5600	18910
10	750	650	5600	18910
11	800	650	5600	18910

Calculation of Iron losses:

Sr. No.	X'mer Capacity	Iron Loss in Watts (I)	Nos. of Transformers on the feeder (II)	Total Annual Iron loss in Kwh = (I) X (II) X 8760
1	16	65	3	1708
2	25	100	2	1752
3	63	200	3	5256
Total Iron Loss:				8716

Calculation of Copper Losses:

Sr. No.	X'mer Capacity	Copper Loss in Watts (I)	Nos. of Transformers on the feeder (II)	Annual Copper loss in Kwh = (I) X (II) X 8760 X (LF)2
1	16	425	3	2748
2	25	720	2	3103
3	63	1300	3	8405
Total Copper Loss:				14256

$$\begin{aligned}
 \text{HT Line Losses (In Kwh)} &= \frac{0.105 \times (\text{Conn. Load})^2 \times \text{Length} \times \text{Resistance} \times (\text{L.L.F.})}{\text{L.D.F.} \times (\text{D.F.})^2 \times 2} \\
 &= \frac{0.105 \times (287)^2 \times 7.1 \times 0.5449 \times 0.296}{1.5 \times 1.004 \times 1.004 \times 2} \\
 &= \mathbf{3275} \\
 \text{Peak Power Losses (P.P.L.)} &= \frac{(3 \times \text{Total LT Line Losses})}{(\text{D.F.})^2 \times 1000} \\
 &= \frac{3 \times (3 \times 48 + 2 \times 63 + 3 \times 260)}{1.004 \times 1.004 \times 1000}
 \end{aligned}$$



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$$\begin{aligned}
 &= 3.12 \\
 \text{LT Line Losses (Kwh)} &= \frac{(P.P.L.) \times (L.L.F.) \times 8760}{3.12 \times 0.30 \times 8760} \\
 &= 8101 \\
 \\
 \text{Total Technical Losses (Kwh)} &= (\text{HT Line Losses} + \text{LT Line Losses} + \text{Annual Copper Losses} + \text{Annual Iron Losses}) \\
 &= (3275 + 8101 + 14256 + 8716) \\
 &= 34348 \\
 \\
 \text{\% Technical Loss} &= \frac{(\text{Total Losses})}{(\text{Unit Sent Out Annually})} \times 100 \\
 &= \frac{(34348/994201) \times 100}{3.45\%}
 \end{aligned}$$

Similarly theoretical loss (technical Loss) for all categories of feeders is calculated by the Company. Feeder category wise technical losses of the all the feeders is as under.

Sr. No.	Feeder Category	% Theoretical Loss
1	AG DOM	10.19
3	HT EXP	1.52
4	INDUSTRIAL	2.62
5	URBAN	7.56
6	JGY	8.47
7	GIDC	3.17
9	OVERALL	7.14

Thus, theoretical loss of all feeders together gives us the technical loss of the company. Accordingly, theoretical loss of FY 2014-15 is 7.14 %.

Commission's Comments

The compliance is noted. Since theoretical losses are known, efforts shall be made to reduce commercial losses to bring down distribution losses.

Directive 2: Category wise Cost to Serve Report

The Commission has directed PGVCL to submit cost of supply report for FY 2013-14.



Compliance

The cost of supply report for FY 2013-14 is under preparation and shall be submitted to the Commission at the earliest.

Commission's Comments

Compliance is noted. However, Discoms are directed to submit the cost to serve report every year along with tariff petition.

Directives issued with Tariff Order dated 16th April, 2013:

Directive 1: Meters on Distribution Transformers

Compliance:

Status as on 30th September, 2014 of metering on Distribution Transformer is as under.

Sr. No.	Particulars	Nos. as on 30.09.2014	Meters installed as on 30.09.2014	%
1	Other Than Agriculture	82751	81628	98.64%
2	Agriculture	359600	55559 + 156811 (Single consumer T/c.) = 238439	66.30%
3	Total	442351	320067	72.33%

So far as Energy Audit is concerned it is to state that almost all Distribution Transformers of towns covered R-APDRP scheme have been provided with the meters. Company is in the process of "Consumer Mapping" with the relevant Distribution Transformers. Because of certain communication related issue with the Service Provider, Company could not start DT wise Energy Audit. Now the issue has almost resolved and Company would be able to carry out Energy Audit by January, 2015.

As regards to other areas, it is to state that meters at almost all other than Agriculture Distribution Transformers have been provided. Company is in the process of providing relevant "DT Code" in the consumers master data connected on respective Distribution Transformer and "Dummy Consumer Code" for the Distribution Transformers to carry out "Energy Audit". Once the process is completed, Company would be able to carry out energy audit along with the "Consumer Billing".



Commission's Comments

Metering of balance transformers shall also be completed and a half yearly report on the same be submitted.

Directive 2: Reintroduction of Energy Efficient Pump sets scheme

Compliance:

As a one of the Demand Side Management Programs, Company is in the process of submitting a program for utilization of Energy Efficient Pump Sets by Agriculture Consumers. Periodical report shall be submitted to GERC once the program is implemented.

Commission's Comments

Action taken is noted. PGVCL shall submit the first report by 30th September, 2015.

Directive 3: Losses on Jyoti Gram Yojna feeders

Compliance:

Distribution loss of JGY Feeder:

Sr. No.	Year	Unit sent out [MUs]	Unit sold out [MUs]	% Loss
1	2009-10	3461.68	1515.37	56.22
2	2010-11	3706.73	1766.80	52.34
3	2011-12	4034.44	2050.53	49.17
4	2012-13	4311.10	2333.23	45.88
5	2013-14	4276.31	2544.09	40.51
6	2014-15 (up to Sept-14)	2455.76	1495.57	39.10

PGVCL covers large rural areas of the state and contribution of JGY category loss in overall loss is also significant. Company has taken stringent steps for reduction of losses of JGY category feeders particularly on high loss JGY feeders for taking corrective action. Activities carried out by the Company are furnished here under:

Work carried out on JGY feeders by PGVCL				
Sr. No.	Activity	UOM	Work done During FY 2013-14	Work done During 2014-15 (Apr to Oct-14)
1	De-augmentation of Transformer	Nos.	384	201
2	DTC meter installation	Nos.	12982	11882
3	Creation of Dummy consumer No.for DT meter installed	Nos.	10669	17145
4	Faulty meter Replaced - 1 Phase	Nos.	102091	76705
5	Faulty meter Replaced - 3 Phase	Nos.	4057	2301
6	Pilfer proofing of connections – 1 Phase	Nos.	162539	191793



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Work carried out on JGY feeders by PGMCL				
Sr. No.	Activity	UOM	Work done During FY 2013-14	Work done During 2014-15 (Apr to Oct-14)
7	Pilfer proofing of connections – 3 Phase	Nos.	8254	12941
8	Replacement of service line having Joint	Nos.	67763	62174
9	Armour service Provided	Nos.	2073	5576
10	AB Cable Provided	Kms.	2273.658	2244.388
11	5 KVA DTC Installed	Nos.	1458	1400
12	Idle Span Removed	Nos.	4182	2533
13	Ag Crossings Removed	Nos.	1196	950
14	Connections Checked	Nos.	603478	375574
15	Connection Detected	Nos.	81200	55173
16	Locked Premises Verification	Nos.	120359	93062
17	Zero Consumption Verification	Nos.	146322	91695
18	Cross verification of meter reading	Nos.	149961	128520
19	Disconnected conn. Verification	Nos.	48578	37357
20	Unconnected conn. Verification	Nos.	2186	1748
21	Verification of X status connection	Nos.	82951	59096
22	Verification of Y status connection	Nos.	28717	20733
23	Verification of Low Consumption RGP connections	Nos.	128809	98695
24	Verification of Low Consumption NRG connections.	Nos.	42373	37036
25	Release of New Connections (All category)through E-Urja	Nos.	28580	26551
26	Maintenance of HT Line	Kms	5782.022	7681.198
27	Maintenance of LT Line	Kms	5050.745	3822.176
28	Maintenance of T/C Centres	Nos.	11196	11991

Taking into account the area constraints, available resources and past trend, Company has planned to reduce further 5% during the current financial year.

Commission’s Comments

Action taken is noted. Loss level of 39.10% is not at acceptable level. Serious efforts need to be made to reduce the loss substantially.

8.2 New Directive

Directive

The Commission considers HT & LT voltage loss level historically as submitted by Discoms since long. There is significant change in HT-LT ratio of distribution network in last few years. Hence, it is required to revisit HT-LT losses to arrive at a reasonable wheeling charge. In view of the above, Discoms shall initiate a study on the segregation of HT & LT losses and submit a report by September, 2015.



9. Tariff Philosophy and Tariff Proposals

9.1 Introduction

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

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

9.2 Proposal of Discom for Tariff Structure and changes in Tariff Structure

Tariff Proposal

The Discoms have submitted that the total revenue gap of all four state distribution companies is around 4.07% of the total revenue at existing tariff. The subsequent paragraphs highlight the changes proposed by Discom in order to bridge the existing revenue gap.

9.2.1 In order to bridge the revenue gap, Discom has proposed change in the tariff for various categories of consumers except agriculture. Discom has proposed overall increase of 2.57% over existing tariff and recovery of remaining unrecovered gap is proposed to be met through efficiency improvement measures. Further, the Discoms vide letter dated 31.01.2015 had requested the Commission to consider the impact of Hon'ble APTEL's judgement dated 04.12.2014.

9.2.2 Over and above change in tariff, the Company is proposing some minor modifications in current tariff structure. The proposed changes are outlined in the subsequent paragraphs.

9.2.3 Proposed changes in the tariff structure (LT Category):

A. Fixed Charges for BPL (Urban/ Rural) Consumers:



The present tariff structure has uniform fixed charges for all the consumers under BPL category. Considering the connected load 2 KW, it is proposed to levy fixed charges on BPL consumers having connected load of more than 2 kW at par with regular residential consumers.

Existing Fixed Charges

Fixed Charges	Rs. 5/- per month
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Proposed Fixed Charges

Up to 2 kW	Rs. 5/ per month
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Above 2 kW	Rate as per RGP (Urban/Rural as applicable)
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B. Clarity on applicability of GLP category:

The utilities in the past have faced certain issues pertaining to applicability of this category to various consumers due to certain ambiguity in defining applicability of this category. Hence, following change is proposed in order to bring clarity regarding applicability of this category to identified consumers enabling ease of implementation.

Existing Provision

This tariff is applicable to the educational institutes and other institutions registered with the Charity Commissioner and research and development laboratories.

Proposed Provision

This Tariff is applicable to the:

- 1. Educational institutes operated / owned by Government or by Government owned organisations/ companies;*
- 2. Institutions registered with the Charity Commissioner; and*
- 3. Research and development laboratories not involved in any manufacturing or service industry.*

C. Sub categorisation of GLP category:

Discom has submitted that presently the GLP category has no sub-categories. It



is proposed to introduce two new sub categories under GLP category. The first sub-category is for connected load up to 15 kW and second is for connected load above 15 kW. Further, demand based tariff is proposed for consumers with connected load above 15 kW. Demand based tariff is proposed for higher connected load consumers to align them with the non-RGP consumers.

Existing Provision

(a)	Fixed Charges	Rs. 60/- per month
(b)	Energy Charges	380 Paise per Unit

Proposed Provision

(a) Connected load up to 15 kW

(a)	Fixed Charges	Rs. 75/- per month
(b)	Energy Charges	380 Paise per Unit

(b) Connected load above 15 kW

Fixed Charges

(a)	For billing demand	5 Rs per kW per month
(b)	For billing demand in excess of contract demand	10 Rs per kW per month

Definition of Billing Demand:

The billing demand shall be highest of the following, rounded to the next full kW:

- a. Eighty-five percent of the contract demand
- b. Actual maximum demand registered during the month
- c. 15 kW.

Energy Charges

Energy Charges	380 Paise per Unit
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Discom has submitted that on account of no past trends, it is difficult to estimate the fixed charges which are likely to be recovered from consumers having connected load above 15 kW due to introduction of demand based tariff and hence the same has not been submitted in the formats. However, recovery of revenue for GLP on an existing structure has been submitted for reference. Discom has requested the Commission to consider the above submission considering the practical issue faced by Discom.



D. Intimation of off-seasonal period by Seasonal consumers of Non-RGP & LTMD Tariff Category:

Revision in the provision is proposed to bring in the necessary clarity over intimation of off-seasonal period by the seasonal consumers.

Existing Provision

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

Proposed Provision

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

E. Restriction over consumption during off-seasonal period by Seasonal consumers of Non-RGP Tariff Category:

Under the head of Minimum Bill per Installation for seasonal consumer, following clause is proposed to be inserted:

- *Up to 10% of monthly average consumption of the previous seasonal period or up to 15% of contracted load can be availed every month during off-seasonal period. In case the consumer is exceeding any of these conditions then such consumer for the relevant billing period shall be billed under tariff category of Non-RGP as if non-seasonal consumer.*

F. Restriction over consumption during off-seasonal period by Seasonal consumers of LTMD Tariff Category:



Discom has proposed to include the following clause under the head of seasonal consumers taking LTMD supply:

- *“Up to 10% of monthly average consumption of the previous seasonal period or up to 15% of contracted load can be availed every month during off-seasonal period. In case the consumer is exceeding any of these conditions then such consumer for the relevant billing period shall be billed under tariff category of LTMD as if non-seasonal consumer.*

G. Restriction over consumption beyond prescribed hours by consumers of Non-RGP Night & LTMD Night Tariff Category:

Minor modification has been proposed over consumption beyond prescribed hours.

Existing Provision

Note:

- a. *10% of total units consumed **and** 15% of the contract load can be availed beyond the prescribed hours.*

Proposed Provision

Note:

- a. *10% of total units consumed **or** 15% of the contract load can be availed beyond the prescribed hours.*

H. Modification in Tariff for power supply for street lighting purposes to consumers other than the local authorities and industrial estates:

Discom has proposed change to bring clarity for implementation as given below:

Existing Provision

Renewal and Replacement of Lamps:

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

Maintenance other than Replacement of Lamps:

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



Proposed Provision

Renewal and Replacement of Lamps:

The consumer shall arrange for renewal, **maintenance** and replacement of lamp, **associated Fixture, connecting wire, disconnecting device, switch including time switch etc.** at his cost by person authorized by him in this behalf under Rules issued by CEA under the Electricity Act, 2003.

Maintenance other than Replacement of Lamps:

Maintenance of the street light **conductor provided on pole to connect the street light** shall be carried out by Distribution Licensee.

9.2.4 Proposed changes in the tariff structure (HT Category):

A. Intimation of off-seasonal period by Seasonal consumers of HTP-I Category:

Discom has proposed to provide clarity over intimation of off-seasonal period as given below:

Existing Provision

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

Proposed Provision

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

B. Under the head seasonal consumers taking HT Supply, following clause is proposed to be inserted.

“Up to 10% of monthly average consumption of the previous seasonal period or up to 15% of contracted load can be availed every month during off-seasonal



period. In case *the consumer is exceeding any of these conditions, then such consumer for the relevant billing period shall be billed under tariff category of HTP-I as if non-seasonal consumer.*”

C. Restriction over consumption beyond prescribed hours by consumers of HTP- IV Tariff Category:

Minor modification has been proposed over consumption beyond prescribed hours.

Existing Provision

Note:

- a. *10% of total units consumed **and** 15% of the contract load can be availed beyond the prescribed hours.*

9.3 Commission’s Analysis

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

The Commission decides to continue the existing tariff structure except rationalization of tariff structure for residential category by introducing additional slabs of 101 to 200 units and 201 to 250 units to promote energy conservation taking into consideration the capacity to pay. Further, the Commission has considered to approve the change proposed for seasonal consumers regarding intimation of off seasonal period as proposed by the Discoms. This will give operational clarity to both, consumers as well as Discoms. The Commission has also considered the proposed change related to renewal and replacement of lamps as well as maintenance other than replacement of lamps in the street light category applicable to consumers other than local authorities and industrial estates. This will also provide ample clarity while implementing the tariff.

Discoms have proposed a significant increase in demand charge in order to compensate for the fixed charge incurred by them. 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 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. 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 is not increased. Further, the Commission has not increased the tariff for BPL and Agriculture consumers. There is a moderate increase of Rs. 5 per installation per month in fixed charge of consumers having connected load above 6 kW. For the rest of the consumer categories average increase of 13 paise/unit including both, increase in fixed as well as energy charge, is approved by the Commission.

Further, in order to encourage night time consumption, the Commission has reduced the demand charge of HTP-IV category consumers from 1/2 to 1/3 of HTP-I consumers. This will help Discoms to utilise generation sources which otherwise requires backing down in the off-peak periods.

With this increase, an amount of Rs. 780.90 Crore of additional revenue is estimated for the four Discoms for addressing significant portion of the gap of Rs. 996.48 Crore. Discoms are required to make up the balance gap of Rs. 215.58 Crore by taking measure for improving efficiency in its operations.



COMMISSION'S ORDER

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

Approved ARR for PGVCL for FY 2015-16

(Rs. Crore)		
Sl. No.	Particulars	FY 2015-16
1	Cost of power purchase	9204.68
2	Operations & Maintenance expenses	411.35
2.1	Employee cost	562.16
2.2	Repairs and Maintenance	83.21
2.3	Administration and General expenses	114.91
2.4	Other debits	3.71
2.5	Extraordinary items	-
2.6	Net prior period expenses / income	-
2.7	Other expenses capitalised	(352.64)
3	Depreciation	567.63
4	Interest and finance charges	332.24
5	Interest on working capital	0
6	Provision for bad debts	2.14
7	Return on equity	359.42
8	Provision for tax / tax paid	15.00
9	Total expenditure (1 to 8)	10,892.45
10	Less: Non-Tariff income	278.65
11	Aggregate Revenue Requirement	10,613.80

The retail supply tariffs for PGVCL 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 1st April, 2015. The revised rate shall be applicable for the electricity consumption from the 1st April, 2015 onwards.

Sd/-

SHRI K.M. SHRINGARPURE
Member

Sd/-

DR. M.K. IYER
Member

Sd/-

SHRI PRAVINBHAI PATEL
Chairman

Place: Gandhinagar
Date: 31/03/2015





ANNEXURE: TARIFF SCHEDULE

**TARIFF FOR SUPPLY OF ELECTRICITY AT LOW TENSION, HIGH TENSION,
AND EXTRA HIGH TENSION**
Effective from 1st April, 2015

GENERAL

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of unbundled Distribution Licensees of the erstwhile GEB viz. DGVCL, MGVCL, PGVCL and UGVCL.
2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.
3. All these tariffs for power supply are applicable to only one point of supply.
4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.
5. Except in cases where the supply is used for 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.
6. Meter charges shall be applicable as prescribed under 'GERC (Licensee's Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005 as in force from time to time.
7. The various provisions of the GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations will continue to apply.
8. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).
10. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.



11. The Fixed charges, minimum charges, demand charges, meter rent and the slabs of consumption of energy for energy charges mentioned shall not be subject to any adjustment on account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of billing period for any reason.
12. Contract Demand shall mean the maximum kW / kVA for the supply of which licensee undertakes to provide facilities to the consumer from time to time.
13. Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the Formula approved by the Gujarat Electricity Regulatory Commission from time to time.
14. Payment of penal charges for usage in excess of contract demand / load for any billing period does not entitle the consumer to draw in excess of contract demand / load as a matter of right.
15. The payment of power factor penalty does not exempt the consumer from taking steps to improve the power factor to the levels specified in the Regulations notified under the Electricity Act, 2003 and licensee shall be entitled to take any other action deemed necessary and authorized under the Act.

16. Delayed payment charges for all consumers:

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

Delayed payment charges will be levied at the rate of 15% per annum in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.

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



PART - I

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

1.0 RATE: RGP

This tariff is applicable to all services in the residential premises which are not covered under 'Rate: RGP (Rural)' Category.

Single-phase supply- Aggregate load up to 6 kW

Three-phase supply- Aggregate load above 6 kW

1.1 FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(d)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers:

Fixed charges	Rs. 5/- per month
---------------	-------------------

PLUS

**1.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:
(OTHER THAN BPL CONSUMERS)**

(a)	First 50 units	315 Paise per Unit
(b)	Next 50 units	360 Paise per Unit
(c)	Next 100 units	425 Paise per Unit
(d)	Next 50 units	435 Paise per Unit
(e)	Above 250 units	530 Paise per Unit

**1.3 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:
FOR THE CONSUMER BELOW POVERTY LINE (BPL)****

(a)	First 30 units	150 Paise per Unit
(b)	For remaining units	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 sub-division office of the Distribution Licensee. The concessional tariff is only for 30 units per month.

1.4 MINIMUM BILL (EXCLUDING METER CHARGES)

Payment of fixed charges as specified in 1.1 above.



2.0 RATE: RGP (RURAL)

This tariff is applicable to all services for residential premises located in areas within Gram Panchayat as defined in the Gujarat Panchayats Act.

However, this is not applicable to villages which are located within the geographical jurisdiction of Urban Development Authority.

Single-phase supply- Aggregate load up to 6 kW

Three-phase supply- Aggregate load above 6 kW

2.1 FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(d)	Above 6 kW	Rs. 70/- per month

For BPL Household Consumers:

Fixed charges	Rs. 5/- per month
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PLUS

2.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:
(OTHER THAN BPL CONSUMERS)

(a)	First 50 units	275 Paise per Unit
(b)	Next 50 units	320 Paise per Unit
(c)	Next 100 units	385 Paise per Unit
(d)	Next 50 units	395 Paise per Unit
(e)	Above 250 units	500 Paise per Unit

2.3 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:
FOR THE CONSUMER BELOW POVERTY LINE (BPL) **

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

**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 sub-division office of the Distribution Licensee. The concessional tariff is only for 30 units per month.

2.4 MINIMUM BILL (EXCLUDING METER CHARGES):

Payment of fixed charges as specified in 2.1 above.

Note: If the part of the residential premises is used for non-residential (commercial) purposes by the consumers located within 'Gram Panchayat' as



defined in Gujarat Panchayat Act, entire consumption will be charged under this tariff.

3.0 RATE: GLP

This tariff is applicable to the educational institutes and other institutions registered with the Charity Commissioner and research and development laboratories.

(a)	Fixed charges	Rs. 70/- per month
(b)	Energy charges	390 Paise per Unit

4.0 RATE: NON-RGP

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

4.1 FIXED CHARGES PER MONTH:

(a)	First 10 kW of connected load	Rs. 50/- per kW
(b)	For next 30 kW of connected load	Rs. 85/- per kW

PLUS

4.2 ENERGY CHARGES:

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	435 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	465 Paise per Unit

4.3 MINIMUM BILL PER INSTALLATION FOR SEASONAL CONSUMERS

- (a) "Seasonal Consumer", shall mean a consumer who takes and uses power supply for ice factory, ice candy machines, ginning and pressing factory, oil mill, rice mill, huller, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fisheries industry), tapioca industries manufacturing starch, etc.
- (b) Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing atleast one month before commencement of billing period about the off-season during



which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of the off-season so declared and observed shall be not less than three calendar months in a calendar year.

- (c) The total minimum amount under the head “Fixed and Energy Charges” payable by the seasonal consumer satisfying the eligibility criteria under sub-clause (a) above and complying with the provision stipulated under sub-clause (b) above shall be Rs. 1800 per annum per kW of the contracted load.
- (d) The units consumed during the off-season period shall be charged for at a flat rate of 480 Paise per unit.
- (e) The electricity bills related to the off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills related to the seasonal period only under the heads “Fixed Charges” and “Energy Charges”, shall be taken into account while determining the amount of short-fall payable towards the annual minimum bill as specified under sub-clause (c) above.

5.0 RATE: LTMD

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

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

5.1 FIXED CHARGES:

(a)	For billing demand up to the contract demand	
	(i) For first 40 kW of billing demand	Rs. 90/- per kW per month
	(ii) Next 20 kW of billing demand	Rs. 130/- per kW per month
	(iii) Above 60 kW of billing demand	Rs. 195/- per kW per month
(b)	For billing demand in excess of the contract demand	Rs. 265/- per kW



PLUS

5.2 ENERGY CHARGES:

For the entire consumption during the month	470 Paise per Unit
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PLUS

5.3 REACTIVE ENERGY CHARGES:

For all the reactive units (KVARH) drawn during the month	10 paise per KVARH
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5.4 BILLING DEMAND

The billing demand shall be highest of the following:

- (a) Eighty-five percent of the contract demand
- (b) Actual maximum demand registered during the month
- (c) 15 kW

5.5 MINIMUM BILL

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

5.6 SEASONAL CONSUMERS TAKING LTMD SUPPLY:

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

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

5.6.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub



clause 5.6.1 above and complying with provisions stipulated under sub clause 5.6.2 above shall be Rs. 2970 per annum per kW of the billing demand.

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

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

5.6.5.1 Units consumed during the off-season period shall be charged for at the flat rate of 480 Paise per unit.

6.0 RATE: NON-RGP NIGHT

This tariff is applicable for aggregate load up to 40 kW and using electricity **exclusively during night hours** from 10:00 PM to 06:00 AM next day. (The supply hours shall be regulated through time switch to be provided by the consumer at his cost.)

6.1 FIXED CHARGES PER MONTH:

50% of the Fixed charges specified in Rate Non-RGP above.

PLUS

6.2 ENERGY CHARGES:

For entire consumption during the month	260 Paise per Unit
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NOTE:

1. 10% of total units consumed and 15% of the contract load can be availed beyond the prescribed hours.
2. This tariff shall be applicable if the consumer so opts to be charged in place of Non-RGP tariff by using electricity exclusively during night hours as above.
3. The option can be exercised to switch over from Non-RGP tariff to Non-RGP Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.



4. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category Non-RGP.*

7.0 RATE: LTMD- NIGHT

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

7.1 FIXED CHARGES PER MONTH:

50% of the Fixed charges specified in Rate LTMD above.

PLUS

7.2 ENERGY CHARGES:

For entire consumption during the month	260 Paise per Unit
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7.3 REACTIVE ENERGY CHARGES:

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

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

8.0 RATE: LTP- LIFT IRRIGATION

Applicable for supply of electricity to Low Tension Agricultural consumers



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contracting load up to 125 HP requiring continuous (twenty-four hours) power supply for lifting water from surface water sources such as canal, river, & dam and supplying water directly to the fields of farmers for agricultural irrigation only.

(a)	Fixed charges per month	Rs. 45/- per HP
PLUS		
(b)	Energy charges For entire consumption during the month	180 Paise per Unit

9.0 RATE: WWSP

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

9.1 Type I – Water works and sewerage pumps operated by other than local authority:

(a)	Fixed charges per month	Rs. 25/- per HP
PLUS		
(b)	Energy charges per month: For entire consumption during the month	430 Paise per Unit

9.2 Type II – Water works and sewerage pumps operated by local authority such as Municipal Corporation. Gujarat Water Supply & Sewerage Board located outside Gram Panchayat Area will also attract this tariff:

(a)	Fixed charges per month	Rs. 20 per HP
PLUS		
(b)	Energy charges per month: For entire consumption during the month	410 Paise per Unit

9.3.1 Type III – Water works and sewerage pumps operated by Municipalities / Nagarpalikas and Gram Panchayats or Gujarat Water Supply & Sewerage Board for its installations located in Gram Panchayats:

Energy charges per month: For entire consumption during the month	320 Paise/Unit
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9.4 TIME OF USE DISCOUNT:

Applicable to all the water works consumers having connected load of 50 HP and above for the Energy consumption during the Off-Peak Load Hours of the



Day.

For energy consumption during the off-peak period, viz., 1100 Hrs. to 1800 Hrs.	40 Paise per Unit
For energy consumption during night hours, viz., 2200 Hrs. to 0600 Hrs. next day	85 Paise per Unit

10.0 RATE: AG

This tariff is applicable to services used for irrigation purposes only excluding installations covered under LTP- Lift Irrigation category.

10.1 The rates for following group are as under:

10.1.1 HP BASED TARIFF:

For entire contracted load	Rs. 200 per HP per month
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ALTERNATIVELY

10.1.2 METERED TARIFF:

Fixed Charges	Rs. 20 per HP per month
Energy Charges: For entire consumption	60 Paise per Unit per month

10.1.3 TATKAL SCHEME:

Fixed Charges	Rs. 20 per HP per month
Energy Charges: For entire consumption	80 Paise per Unit per month

NOTE: The consumers under Tatkal Scheme shall be eligible for normal metered tariff as above, on completion of five years period from the date of commencement of supply.

10.2 No machinery other than pump water for irrigation (and a single bulb or CFL up to 40 watts) will be permitted under this tariff. Any other machinery connected in the installation governed under this tariff shall be charged separately at appropriate tariff for which consumers shall have to take separate connection.

10.3 Agricultural consumers who desire to supply water to brick manufacturing units shall have to pay Rs. 100/HP per annum subject to minimum of Rs. 2000/- per year for each brick Mfg. Unit to which water is supplied in addition to existing rate of HP based / metered agricultural tariff.



10.4 Such Agricultural consumers shall have to pay the above charges for a full financial year irrespective of whether they supply water to the brick manufacturing unit for full or part of the Financial Year.

Agricultural consumers shall have to declare their intension for supply of the water to such brick manufacturing units in advance and pay charges accordingly before commencement of the financial year (i.e. in March every year).

11.0 RATE: SL

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

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

11.1.1 ENERGY CHARGES:

For all the units consumed during the month:	405 Paise per Unit
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11.1.2 OPTIONAL KVAH CHARGES:

For all the kVAh units consumed during the month:	305 Paise per Unit
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11.1.3 Renewal and Replacements of Lamps:

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

11.2 Tariff for power supply for street lighting purposes to consumers other than the local authorities and industrial estates:

11.2.1 FIXED CHARGES:

Rs. 30 per kW per month

11.2.2 ENERGY CHARGES:

For all units consumed during the month	405 Paise per kWh
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11.2.3 Renewal and Replacement of Lamps:

The consumer shall arrange for renewal, maintenance and replacement of



lamp, associated Fixture, connecting wire, disconnecting device, switch including time switch etc. at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.

11.2.4 Maintenance other than Replacement of Lamps:

Maintenance of the street lighting conductor provided on pole to connect the street light shall be carried out by Distribution Licensee.

12.0 RATE: TMP

This tariff is applicable to services of electricity supply for temporary period at the low voltage. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

12.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 15 per kW per Day
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12.2 ENERGY CHARGE

A flat rate of	465 Paise per Unit
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Note: Payment of bills is to be made within seven days from the date of issue of the bill. Supply would be disconnected for non-payment of dues on 24 hours' notice.



PART - II

**TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION
(3.3 KV AND ABOVE, 3-PHASE 50 HERTZ), AND EXTRA HIGH TENSION**

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

13.0 RATE: HTP-I

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

13.1 DEMAND CHARGES:

13.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 130/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 240/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 425/- per kVA per month

13.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 505 per kVA per month
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PLUS

13.2 ENERGY CHARGES

For entire consumption during the month		
(a)	Up to 500 kVA of billing demand	435 Paise per Unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	455 Paise per Unit
(c)	For billing demand above 2500 kVA	465 Paise per Unit

PLUS

13.3 TIME OF USE CHARGES:

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	45 Paise per Unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

13.4 BILLING DEMAND:

The billing demand shall be the highest of the following:



- (a) Actual maximum demand established during the month
- (b) Eighty-five percent of the contract demand
- (c) One hundred kVA

13.5 MINIMUM BILLS:

Payment of “demand charges” based on kVA of billing demand.

13.6 POWER FACTOR ADJUSTMENT CHARGES:

13.6.1 Penalty for poor Power Factor:

- (a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges” for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- (b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, will be charged.

13.6.2 Power Factor Rebate:

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

13.7 MAXIMUM DEMAND AND ITS MEASUREMENT:

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

13.8 CONTRACT DEMAND:

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



13.9 REBATE FOR SUPPLY AT EHV:

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

13.10 CONCESSION FOR USE OF ELECTRICITY DURING NIGHT HOURS:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning as is in excess of one third of the total energy consumed during the month, shall be eligible for concession at the rate of 85 Paise per unit.

13.11 SEASONAL CONSUMERS TAKING HT SUPPLY:

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

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

13.11.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub clause 13.11.1 above and complying with provisions stipulated under sub clauses 13.11.2 above shall be Rs. 4550 per annum per kVA of the billing demand.

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

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



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

13.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 465 Paise per unit.

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

14.0 RATE HTP-II

Applicability: This tariff shall be applicable for supply of energy to HT consumers contracting for 100 kVA and above, requiring power supply for Water Works and Sewerage pumping stations run by Local Authorities and GW & SB. GIDC Water Works.

14.1 DEMAND CHARGES:

14.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 115/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 225/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 290/- per kVA per month

14.1.2 For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs. 360 per kVA per month
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PLUS

14.2 ENERGY CHARGES:

For entire consumption during the month		
(b)	Up to 500 kVA of billing demand	435 Paise per Unit
(c)	For billing demand above 500 kVA and up to 2500 kVA	455 Paise per Unit
(d)	For billing demand above 2500 kVA	465 Paise per Unit



PLUS

14.3 TIME OF USE CHARGES:

For energy consumption during the two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	45 Paise per Unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

<p>14.4 Billing demand</p> <p>14.5 Minimum bill</p> <p>14.6 Power Factor Adjustment Charges</p> <p>14.7 Maximum demand and its measurement</p> <p>14.8 Contract Demand</p> <p>14.9 Rebate for supply at EHV</p> <p>14.10 Concession for use of electricity during night hours</p>	}	Same as per HTP-I Tariff
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15.0 RATE: HTP-III

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

15.1 DEMAND CHARGES:

For billing demand up to contract demand	Rs. 18/- per kVA per day
For billing demand in excess of contract demand	Rs. 20/- per kVA per day

PLUS

15.2 ENERGY CHARGES:

For all units consumed during the month	660 Paise/Unit
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PLUS

15.3 TIME OF USE CHARGES:

Additional charge for energy consumption during two peak periods, viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	85 Paise per Unit
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15.4	Billing demand	}	Same as per HTP-I Tariff
15.5	Minimum bill		
15.6	Power Factor Adjustment Charges		
15.7	Maximum demand and its measurement		
15.8	Contract Demand		
15.9	Rebate for supply at EHV		

16.0 RATE: HTP-IV

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

16.1 DEMAND CHARGES:

1/3 rd of the Fixed Charges specified in Rate HTP-I above.

PLUS

16.2 ENERGY CHARGES:

For all units consumed during the month	240 Paise per Unit
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16.3	Billing demand	}	Same as per HTP-I Tariff
16.4	Minimum bill		
16.5	Power Factor Adjustment Charges		
16.6	Maximum demand and its measurement		
16.7	Contract Demand		
16.8	Rebate for supply at EHV		

NOTE:

- 1. 10% of total units consumed and 15% of the contract demand can be availed beyond the prescribed hours for the purpose of maintenance.*
- 2. For the purpose of office lighting, fans etc. the consumer may apply for a separate connection.*
- 3. This tariff shall be applicable if the consumer so opts to be charged in place of HTP-I tariff by using electricity exclusively during night hours as*



above.

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

17.0 RATE: HTP- V

HT - Agricultural (for HT Lift Irrigation scheme only)

This tariff shall be applicable for supply of electricity to High Tension Agricultural consumers contracting for 100 kVA and above, requiring power supply for lifting water from surface water sources such as canal, river and dam, and supplying water directly to the fields of farmers for agricultural irrigation only.

17.1 DEMAND CHARGES:

Demand Charges Rs. 50 per kVA per month

PLUS

17.2 ENERGY CHARGES:

For all units consumed during the month	180 Paise per Unit
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17.3 Billing demand	} Same as per HTP-I Tariff
17.4 Minimum bill	
17.5 Power Factor Adjustment Charges	
17.6 Maximum demand and its measurement	
17.7 Contract Demand	
17.8 Rebate for supply at EHV	

18.0 RATE: RAILWAY TRACTION

This tariff is applicable for power supply to Railway Traction at 132 kV/66 kV.



18.1 DEMAND CHARGES:

For billing demand up to the contract demand	Rs. 180 per kVA per month
For billing demand in excess of contract demand	Rs. 425 per kVA per month

NOTE: In case of the load transfer for traction supply due to non-availability of power supply at preceding or succeeding point of supply or maintenance at Discom's level, excess demand over the contract demand shall be charged at normal rate at appropriate point of supply.

Normal Demand Charges will also apply in case of bunching of trains. However, Discoms shall charge excess demand charges while raising the bills and Railways have to give convincing details and documentary proof of bunching of trains if they want to be charged at the normal demand charges. If satisfactory proof of bunching of trains is provided, Discom shall consider that occasion for normal demand charges, otherwise excess demand charges will be applicable specified as above at 18.1 (b).

PLUS

18.2 ENERGY CHARGES:

For all units consumed during the month	500 Paise per Unit
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18.3 Billing demand	} Same as per HTP-I Tariff
18.4 Minimum bill	
18.5 Power Factor Adjustment Charges	
18.6 Maximum demand and its measurement	
18.7 Contract Demand	
18.8 Rebate for supply at EHV	

