GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2013-14 and

Determination of Tariff for FY 2015-16

For

Torrent Power Limited – Distribution

Surat

Case No. 1468 of 2014

31st March, 2015

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GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2011-12 to FY 2015-16
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MTR	Mid-term Review
MU	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations and Maintenance
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
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. 1468 of 2014

Date of the Order: 31/03/2015

CORAM

Shri Pravinbhai Patel, Chairman

Dr. M. K. Iyer, Member

Shri K. M. Shringarpure, Member

ORDER

1. Background and Brief History

1.1 Background

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

The Commission admitted the Petition on 8th December, 2014.

1.2 Torrent Power Limited (TPL)

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

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

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

1.3 Commission's Order for the Second Control Period

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

The Commission issued the new MYT Regulations, notified as GERC (Multi-Year Tariff) Regulations, 2011, on 22nd March, 2011. Regulation 1.4 (a) of GERC (Multi-Year Tariff) Regulations, 2011 reads as under:

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

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

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

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

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

TPL submitted the current petition for 'Truing up' of FY 2013-14 and determination of tariff for FY 2015-16 on 29th November, 2014. The Commission admitted the Petition (Case No. 1468 of 2014) on 8th December, 2014.

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

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	The Times of India (Surat Split)	English	16/12/2014
2	Gujarat Mitra (Surat)	Gujarati	16/12/2014

The Petitioner also placed the public notice and the Petition on its website (www.torrentpower.com) for inviting objections and suggestions on the Petition.

The interested parties / stakeholders were asked to file their objections / suggestions on the petition on or before 16th 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 11 consumer / consumer organizations. The Commission examined the objections / suggestions received and scheduled the public hearing on 12th February, 2015 and 19th February, 2015 at the Commission's Office at Gandhinagar and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in Commission's Office in Gandhinagar on above dates.

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

Sl. No.	Name of Stakeholders	Participated in the Public Hearing
1.	Shri H.J. Patel	No
2.	Akhil Gujarat Grahak Sewa Kendra	No
3.	Laghu Udyog Bharati - Gujarat	Yes
4.	Bharatiya Samyawadi Paksh (Markswadi) – Mansukhbhai Nanjibhai Khorasiya	Yes
5.	Shri Mahadeo Ishvarlal Desai	No
6.	Shri Amarsinh Chavda	Yes
7.	Shri Manibhai Gigabhai Dangodara	No
8.	Ahmedabad Textile Mills' Association (ATMA)	No
9.	Utility Users' Welfare Association (UUWA)	Yes
10.	Gujarat Wind Farms Ltd.	No
11.	Surat Municipal Corporation	No

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

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

1.6 Contents of this order

The order is divided into nine chapters, as under:

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

1.7 Approach of this Order

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

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

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

While truing up of FY 2013-14, the Commission has been primarily guided by the following principles:

1. Controllable parameters have been considered at the level as approved under the MYT Order, unless the Commission considers that there are valid reasons for revising the same

2. Uncontrollable 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.

2. Summary of TPL's Petition

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

2.1 Actuals for FY 2013-14 Submitted by TPL

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

Table 2.1: Actuals Claimed by TPL Surat Supply Area for FY 2013-14

(Rs. Crore)

Annual Revenue Requirement	Approved in the MYT Order	Actuals as per TPL-D (S)
Power purchase Cost	1432.54	1828.20
Operations and Maintenance Expenses	98.99	91.61
Depreciation	51.61	46.38
Interest on Loans	41.77	41.58
Interest on working capital	0	0.13
Interest on Security Deposit	9.91	15.24
Bad debts written off	0.36	(0.06)
Contingency Reserve	0.40	0.40
Return on equity	79.38	74.21
Income Tax	4.98	0.00
Less: Non-Tariff income	22.95	35.68
Aggregate Revenue Requirement	**1697.00**	**2062.01**

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

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

Table 2.2: Trued up ARR Claimed by TPL for FY 2013-14

(Rs. Crore)

Particulars		FY 2012-13
ARR as per MYT	(a)	1697.00
Gains/(Losses) due to Uncontrollable Factors	(b)	(388.23)
Gains/(Losses) due to Controllable Factors	(c)	23.21
Pass through as Tariff	(d)=-(1/3rd of c+b)	380.49
ARR True-up	e=a+d	2077.49

The Table below summarises the Gap/(Surplus) for Surat supply area for FY 2013-14:

Table 2.3: Revenue Gap/ (Surplus) for Surat supply Area for FY 2013-14

(Rs. Crore)

Particulars	MYT Order	Actuals
Annual Revenue requirement		2077.49
Less: Audit Adjustments for FY 2010-11		0.09
Total Trued Up ARR for FY 2013-14		**2077.39**
Revenue from Sale of Energy		1900.68
Less: Revenue approved towards recovery of Earlier Years Gap*		60.70
Balance Revenue		**1839.98**
Gap/(Surplus) (3-6)		**237.42**

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

TPL has requested the Commission to approve the gap of Rs. 237.42 Crore arrived as part of truing up process and to allow recovery of the same.

2.3 ARR, revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2015-16

TPL has considered the Revised ARR, submitted in the Mid-term Review for Rs. 1926.36 Crore for FY 2015-16, for the purpose of determination of tariff for FY 2015-16. The gap arrived at FY 2015-16, considering the revenue from the sale of power, including revenue from the base level of FPPPA is, as given in the Table below:

Table 2.4: Revenue Gap of Surat Supply Area for FY 2015-16

(Rs. Crore)

Particulars	Amount
ARR	1926.36
Less: Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	1982.62
Net Gap/(Surplus)	**(56.26)**

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

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

(Rs. Crore)

Sl. No.	Particulars	TPL-D (S)
1	Gap/ (surplus) of FY 2013-14	237.42
2	Implementation of APTEL judgment	23.44
3	DSM	5.70
4	Clarification / Rectification Order	2.80
5	Net Gap/ (Surplus) of FY 2015-16	(56.26)
6	**Cumulative Gap/ (Surplus) to be recovered through Tariff**	**213.10**

TPL has proposed to cover the above-mentioned revenue gap through tariff revision. The additional revenue due to proposed tariff amounts to an average tariff increase of 11% over the existing tariff.

TPL's Request to the Commission

TPL has requested the Commission to:

a) Admit the Petition for True-up of FY 2013-14 and determination of tariff for FY 2015-16.
b) Approve the trued up gap of FY 2013-14.
c) Approve the sharing of gains/losses as proposed by the Petitioner for FY 2013-14.
d) Approve the gap /(surplus) for FY 2015-16.
e) Approve the cost of DSM project.
f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2015.
g) Approve the retail supply tariff for FY 2015-16.
h) Allow recovery of the costs as per the judgements of the Tribunal on the Appeals filed by the Petitioner.
i) Allow additions/alteration/changes modifications to the application at a future date.
j) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding.
k) Allow any other relief, order or direction which the Commission deems fit to be issued.
l) Condone any inadvertent omissions / errors / rounding off difference / shortcomings.

3. Brief outline of objections raised, response from TPL and Commission's view

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

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

3.1 Tariff for Water and Sewage Pumping Stations (HTMD-II) not to be raised

Objection

Surat Municipal Corporation (SMC) has submitted that the Petitioner has proposed to increase in demand charges by 86.96% up to first 500 KVA and 75% for above 500 KVA. Increase in fixed charges increases comfort to the Petitioner as whatever kind of service they provide at least some minimum amount of charges supply agency is going to get. The Petitioner's distribution areas are almost fixed for any increase in load, the customer also takes new connections bear majority of the expenses. Hence the load of increase must not be accepted.

The Petitioner proposed increase of ToU charges by 42.86% may not be approved as the load cannot be shifted as water supply hours and removing sewage disposal from wet well cannot be shifted.

Response of TPL

The Petitioner has submitted that the fixed charge component tariff should recover the entire fixed cost incurred by the licensee for providing service to consumer. The proposed increase in the demand charges is in line with provisions of the Electricity

Act, 2003. The new consumers who takes load pay only towards last mile connectivity with the network.

The Petitioner has to create and maintain the entire upstream network to cater to the demand.

The Objector has requested to relax the applicability of ToU for the HT connection for sewage and pumping station run by local authorities. The ToU introduced to flatten the load curve and is in line with GERC (DSM) Regulations, 2011. The Petitioner prays to the Commission to approve ToU scheme as proposed in the Tariff Schedule.

Commission's Observation

The issue raised by SMC and response of TPL are considered and appropriate decision is taken.

3.2 Demand Charges for HTMD-I Category

The SMC has requested not to raise demand charges for HTMD-I Category by 64.52%, 60%, 100% and 80.56% for various slabs respectively which are quite high.

Response of TPL

The Petitioner has proposed to increase demand charges of HTMD-I category to recover the fixed cost while incurring the demand charges. The Petitioner has provided the benefit of lower demand charges for first slab and thereafter increased.

Commission's Observation

The issue raised by SMC and response of TPL are considered and appropriate decision is taken.

3.3 Not to allow recovery of the earlier year revenue gap with carrying cost

Objection

The SMC has submitted to the Commission not to approve the gap of FY 2013-14 along with earlier gaps as per truing up with carrying cost.

Response of TPL

The Tariff determination is based on the estimates of approved sales and ARR in MYT exercise. Upon completion of Financial Years, the truing up mechanism is defined to arrive at the gap/(surplus) based on variations with respect to the approved ARR.

Carrying cost for uncovered gap is legitimate claim of the Petitioner to recover partially the financial loss incurred due to deferment in recovery of gap.

Commission's Observation

The response of TPL is noted. However, the Commission makes prudence check and determines tariff as per GERC (MYT) Regulations, 2011.

3.4 Consumer Contribution and Government Grants

Objection

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

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

Response of TPL

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

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

Commission's Observation

The response of TPL is noted.

3.5 Reserve and Surplus

Objection

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

Response of TPL

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

Commission's Observation

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

3.6 Unscheduled Interchange Charges

Objection

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

Response of TPL

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

Commission's Observation

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

3.7 Return on Equity

Objection

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

Response of TPL

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

Commission's Observation

The response of TPL is noted.

3.8 Supply of Power to Street Lights

Objection

The Objector has submitted that in the ARR True-up Petition for FY 2013-14 and Tariff Order it is to be specified who supplies power to street light in Surat area.

Response of TPL

The street lights are operated by the local authorities and is covered under the GLP category in Surat supply area. The same is also in line with existing tariff categorisation.

Commission's Observation

The response of TPL is noted.

3.9 Accounts for FY 2014-15 not furnished

Objection

The Objector has submitted that the Petitioner has not furnished the accounts for the period 01-04-2014 to 30-11-2014 and has not referred to the tariff raise given by the Commission for 01-05-2014. The Commission gives due consideration to the tariff rise and demand strict action against Petitioner for hiding these facts.

Response of TPL

The Petitioner has submitted that it has filed the Petition for true-up of FY 2013-14 and determination of Tariff for FY 2015-16 and all the information including account statement in line with the requirements of the Act and the Regulations.

Commission's Observation

The response of TPL is noted.

3.10 Need to increase threshold limit of connected load for three phase supply to 10 KW

Objection

The objector has submitted that the threshold limit of connected load to be increased 10 KW to three phase supply as consumers have numerous appliances with maximum demand of hardly 2 KW. There is also space constraint to accommodate three number cut-outs and large meter in case of extension of load. It is further submitted that minimum charge provision should not be allowed beyond two years initial supply period.

Response of TPL

The existing limit of 6 KW for single phase supply is in line with GERC (Electricity Supply Code) Regulations, 2005 and network is also designed accordingly. It is further submitted that a large number of completed residential units with electricity connection are lying idle or under-utilized.

Commission's Observation

Noted.

3.11 Supply to LTP Category

Objection

The objector has submitted that for LTP category the applicability should be maximum demand and not connected load. 85% of contract demand is virtually minimum charge. The objector has commented that O&M cost is fictitious as accounting is done on ad hoc basis. The actual costs are not accounted for and supervision cost is erroneously allocated. It is further submitted that there may not be a single consumer who is able to take advantage of NTC.

Response of TPL

TPL has submitted that LTP category has been restructured and demand based tariff is applicable to LTMD category of consumers. The lower limit for LTMD is 15 KW.

Commission's Observation

The response of TPL is noted.

3.12 Network Designs

Objection

The objector has pointed out that the designing of network is based on connected load instead maximum demand derived after taking into consideration LF & DF suggested in the GERC (Electricity Supply Code and Related Matters) Regulations, 2005, formulated by GERC.

Response of TPL

TPL has submitted the network is designed by the expert engineers of the Petitioner and the same is reviewed by the Senior Officers based on existing network, existing and future loading conditions, load growth, reliability and quality of supply.

Commission's Observation

The response of TPL is noted.

3.13 Number of Substations

Objection

The objector has stated that large number of substations were commissioned unnecessarily incurring huge costs. The capacity created was wasted which resulted in increased fixed cost. The costs, therefore, should not be allowed.

Response of TPL

TPL has submitted that all investments are made after detailed due diligence based on need for the same besides best industry practices, guidelines specified by various regulations and the authority.

Commission's Observation

The Commission has noted the issue raised by the objector and response of TPL.

3.14 66 KV Under Ground (UG) ring Interconnecting receiving stations

Objection

The objector has pointed out that the 66 KV UG ring main interconnecting receiving station has not served its purpose and it is restricted to by upstream GEB network capacity. The establishment cost is more than Rs. 100 Crore. It is also submitted that the fixed charges proposed are erroneously calculated and derived from ad hoc allocation of supervision costs and needless remuneration paid to the employees.

Response of TPL

TPL has submitted that it has incurred the expenditure for creating 66 KV UG ring main interconnecting receiving stations based on existing network, future load growth and reliability of supply.

Commission's Observation

The response of TPL is noted.

3.15 Consumer related issues

Objection

The objector has a number of issues regarding stalking of consumers who objected to tariff application, extortion of consumers under the threat of disconnection of electricity supply, Special Security Deposit amount (termed by GoG) related to Distribution Mainline still lying with TPL, Interest on Meter Deposit amount not paid to consumers, recovery of minimum charges beyond two years and DPC. The objector has submitted that the Commission may direct TPL to refund these amounts along with an interest amount of 9%.

Response of TPL

TPL has submitted that these issues are extraneous to the current proceedings. Any consumer having a grievance has the remedy available to approach the petitioner internal redressal mechanism in addition to the independent Consumer Grievance Redressal Forum and Electricity Ombudsman.

Commission's Observation

The Commission noted the issues raised by the objector and the response of TPL. The consumer may approach the independent "Consumer Grievance Redressal Forum" constituted by the Commission under the provision of Electricity Act 2003 and 'Ombudsman' constituted for redressal of grievances, if any.

4. Truing up of FY 2013-14

4.0 Introduction

This chapter of the Order deals with the truing up of FY 2013-14 for TPL-D (Surat). The Commission has studied and analysed each component of the ARR for the FY 2013-14 in the following paragraphs.

4.1 Energy Sales to the Consumers

Petitioner's Submission

TPL-D(Surat) has submitted the category-wise actual energy sales for Surat area for the FY 2013-14, along with the sales approved by the Commission in MYT Order dated 6th September, 2011, as given in the Table below:

Table 4.1: Energy Sales for FY 2013-14 for Surat Area

(MU)

Category	As per the MYT Order for FY 2013-14	Actuals for FY 2013-14
Residential (RPG)	688	672.17
Commercial (Non RPG)	608	1218.95
LTP	905	NA
LTMD	1014	979.29
HTMD	256	267.96
Others	31	24.45
DoE	-	2.21
Total	**3502**	**3165.04**

The actual sales work out to 3165.04 MU in the Surat area for FY 2013-14, as against 3502 MU as per MYT Order.

Commission's Analysis

The Commission, in the MYT Order dated 6th September, 2011, had considered the estimated sales of 3502 MU for Surat area for FY 2013-14. The actual energy sales in Surat area are 3165.04 MU, which are lower (by 336.96 MU) than the estimated sales considered by the Commission in the MYT Order.

The Commission approves the energy sales for Surat area totalling 3165.04 MU for truing up for FY 2013-14.

4.2 Distribution Losses

Petitioner's Submission

TPL-D (Surat) has submitted that the actual distribution losses were to the tune of 4.33% in the Surat area for FY 2013-14. The level of distribution losses approved in the MYT Order for FY 2013-14 and the actuals for FY 2013-14 are given below:

Table 4.2: Distribution Loss for FY 2013-14

(%)

Particulars	As per MYT Order for FY 2013-14	Actual
Distribution Losses	5.15	4.33

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

The Commission, accordingly, approves the Distribution losses at 4.33% for Truing up for FY 2013-14.

4.3 Energy Requirement and Power Purchase

Petitioner's Submission

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

Energy Requirement for Ahmedabad and Surat Areas

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

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

Sl. No.	Particulars	MYT Order	Actual
1	**Ahmedabad Supply Area**		
2	Energy Sales (MU)	6731.00	6069.62
3	Distribution Losses (%)	8.50%	7.27%
4	Distribution Losses (MU)	625.28	475.72
5	Energy Input at the Distribution Level (MU)	7356.28	6545.34
6	Transmission Loss (MU)	171.68	149.64
7	**Energy Requirement (A)**	**7527.96**	**6694.98**
8	**Surat Supply Area**		
9	Energy Sales (MU)	3502.00	3165.04
10	Distribution Loss (%)	5.15%	4.33%
11	Distribution Loss (MU)	190.15	143.15
12	Energy input at distribution level (MU)	3692.15	3308.19

Sl. No.	Particulars	MYT Order	Actual
13	EHV/Transmissions Loss (MU)	35.38	99.11
14	**Energy Requirement (B)**	**3727.53**	**3407.30**
15	**Total Energy Requirement (A+B)**	**11255.49**	**10102.28**

Energy Availability for TPL-D (Ahmedabad and Surat)

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

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

(MU)

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

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

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

The Petitioner has also made the following submissions:

Power Purchase Cost for Ahmedabad and Surat Areas

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

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

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

Table 4.5: Power Purchase Cost submitted for TPL-D Supply Area for FY 2013-14

(Rs. Crore)

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

TPL-D has submitted that the power purchase for its Ahmedabad & Surat licensee areas has been carried out on collective basis and the total power purchase cost has been apportioned between Ahmedabad & Surat on the basis of usage to cater to the demand of its customers. Accordingly, the allocated power purchase cost for Surat Supply area is Rs. 1828.20 Crore for FY 2013-14.

Commission's Analysis

Energy Requirement

The energy requirement for Surat area submitted by the Petitioner for FY 2013-14, along with energy requirement mentioned in the MYT Order, has been examined. The actual energy sale is lower than that approved in the MYT Order, and same is the case of T&D losses. The lower sales and lower distribution losses have resulted in the reduction of energy requirement during FY 2013-14. The distribution losses approved in MYT Order was 5.15% (190 MU) and the actual distribution losses achieved was 4.33% (143.15 MU). The total energy requirement, being the sum of energy sales and transmission and distribution losses, was 3407.30 MU for FY 2013-14.

The Commission, accordingly, approves the energy requirement of Surat distribution area at 3407.30 MU for truing up for FY 2013-14, as summarised in Table 4.3 above.

Energy Availability

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

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

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

(MU)

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

Out of total power purchase of 10102.28 MU, the requirement of Surat license area is 3407.30 MU, as can be seen from Table 4.3 above.

Power Purchase Cost

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

Table 4.7 (a): Power Purchase Cost as Approved in the MYT Order and the Actual claimed by TPL-D for FY 2013-14

(Rs. Crore)

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

The consolidated cost of purchase of power for TPL-D for FY 2013-14, as per Audited Accounts for Ahmedabad and Surat distribution area, is Rs. 5736.31 (1957.71 + 3778.60) Crore.

Commission's Analysis

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

Table 4.7 (b): Power Purchase Cost as Approved in the MYT Order and the Actual Approved for TPL-D for FY 2013-14

(Rs. Crore)

Sl. No.	Energy Source	MYT Order	Actual
1	TPL-G (APP)	1172.32	1080.49
2	TPL-G (SUGEN)	2034.93	2106.87
3	SUGEN Expansion + DGEN	235.58	-
4	Bilateral	389.81	1687.79
5	Power Exchange	285.90	344.27
6	Renewable Energy	399.02	68.09
7	REC	-	56.93
8	**Total**	**4517.56**	**5344.44**

As shown above, the Commission approves the total power purchase cost of Rs. 5344.44 Crore for the procurement of total energy of 10102.27 MU for TPL-D. Hence, the per unit power purchase cost works out to Rs. 5.2903 / kWh. Since the Commission has approved the energy requirement of Surat Distribution Area as 3407.30 MU, the power purchase cost for Surat Distribution Area is computed at Rs. 1802.58 Crore.

The Commission, accordingly, approves the total power purchase cost of Rs. 1802.58 Crore, for TPL-D Surat during FY 2013-14 for Truing up.

4.4 Gain due to Reduction in Energy Requirement as a Result of Reduction in Distribution Losses

Petitioner's Submission

TPL has computed the gain due to reduction in distribution losses for Surat Area at Rs. 15.40 Crore, as given in the Table below:

Table 4.8: Computation for Reduction in Energy Requirement of TPL-D (Surat) as a result of Reduction in Distribution Losses submitted by TPL

Particulars	Unit		Actual
Energy Sales	MU	(a)	3165.04
Setoff Wheeled Energy	MU	(b)	33.04
Unit Recovered as Loss	MU	(c)	1.46
Total Energy Supplied	MU	(d)=(a)+(b)	3198.08
MYT approved Distribution Loss	%	(e)	5.15%
Energy required at Distribution Level as per MYT approved Loss	MU	(f)=(d)/(1-(e))	3371.72
Normative Energy required at Distribution level at MYT approval Loss	MU	(g)=(f)-(b)	3338.68
Actual Energy Purchased at Distribution level	MU	(h)	3308.19
Reduction in Energy Requirement	MU	(i)=(g)-(h)-(c)	29.03
Power Purchase Cost	Rs./Unit	(j)	5.30
Savings due to improvement in Distribution Loss	**Rs. Crore**	**(k)=(i)*(j)/10**	**15.40**

Commission's Analysis

The Commission has approved distribution loss at 5.15% in the MYT Order, whereas TPL has claimed the quantum of actual distribution losses at 4.33% for FY 2013-14.

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

Table 4.9: Computation for Reduction in Energy Requirement of TPL-D (Surat) as a result of Reduction in Distribution Losses considered by the Commission

Particulars	Unit		Actual
Energy Sales	MU	(a)	3165.04
Setoff Wheeled Energy	MU	(b)	33.04
Unit Recovered as Loss	MU	(c)	1.46
Total Energy Supplied	MU	(d)=(a)+(b)	3198.08
MYT approved Distribution Loss	%	(e)	5.15%
Energy required at Distribution Level as per MYT approved Loss	MU	(f)=(d)/(1-(e))	3371.72
Normative Energy required at Distribution level at MYT approval Loss	MU	(g)=(f)-(b)	3338.68
Actual Energy Purchased at Distribution level	MU	(h)	3308.19
Reduction in Energy Requirement	MU	(i)=(g)-(h)-(c)	29.03
Power Purchase Cost	Rs./Unit	(j)	5.2903
Savings due to improvement in Distribution Loss	Rs. Crore	(k)=(i)*(j)/10	15.36

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

Table 4.10: Power Purchase Cost and Gains/(Losses) Approved in Truing up for FY 2013-14

(Rs. Crore)

Particulars	As per MYT Order 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
Power Purchase Cost	1432.54	1802.58	(370.04)	15.36	(385.40)

4.5 Fixed Charges

4.5.1 Operations and Maintenance (O&M) Expenses

TPL has claimed Rs. 91.61 Crore as O&M expenses, as against Rs. 99.00 Crore of O&M expenses approved for FY 2013-14 in the MYT Order as detailed in the Table below:

Table 4.11: O&M Expenses of Surat Supply Area for FY 2013-14

(Rs. Crore)

Particulars	As per MYT Order for FY 2013-14	Claimed in Truing up for FY 2013-14
Operations and Maintenance Expenses	99.00	91.61

Petitioner's Submission

TPL has submitted the actual O&M Expenses of Surat Supply Area was lower than the approved values despite increase in security expenses and vehicle expenses.

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

Commission's Analysis

TPL has submitted the actual O&M expenses at Rs. 91.61 Crore in the truing up for FY 2013-14. The O&M expenses as per audited accounts for FY 2013-14 are Rs. 92.40 Crore which include donations of Rs. 0.51 Crore and bad debts written off to the extent of Rs. 0.28 Crore. The O&M expenses excluding the donations and bad debts written off are Rs. 91.61 Crore.

The Commission, accordingly, approves the O&M expenses at Rs. 91.61 Crore, for truing up for FY 2013-14.

The variation in O&M Expenses is considered as controllable factor in accordance with the GERC (MYT) Regulations, 2011. The O&M Expenses and the gains / losses approved in the truing up for FY 2013-14 are given in the Table below:

Table 4.12: O&M Expenses and Gains / (Losses) Approved in Truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation + / (-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
O&M Expenses	98.99	91.61	7.38	7.38	-

4.5.2 Capital Expenditure, Capitalisation and Sources of Funding

TPL has furnished the actual capital expenditure at Rs. 25.45 Crore in the truing up for FY 2013-14 as against Rs. 50.38 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.13: Capital Expenditure Claimed by TPL-D, Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	EHV	3.31	0.89
2	HT Network	22.74	7.43
3	LT Network	14.28	12.00
4	Metering	7.34	2.05
5	Customer Care and Others	2.72	3.07
6	**Total**	**50.38**	**25.45**

Capital Expenditure

Petitioner's Submission

TPL has submitted that the actual capital expenditure of Rs. 25.45 Crore, incurred in Surat Supply Area, was lower than the amount of Rs. 50.38 Crore approved in the MYT Order for FY 2013-14. Due to actual financial situations and unrecovered costs the petitioner curtailed the expenditure for the year and deferred Capex to the future years. TPL has indicated the major variances in the actual expenditure against the approval, as detailed below:

a) EHV Network: The actual expenditure was Rs. 0.89 Crore which is lower than the approved Capex of Rs. 3.31 Crore. This variation is mainly due to lower number of replacements of EHV equipment's and deferment of Capex.

b) HT Network: The Petitioner has incurred the lower capital expenditure of Rs. 7.43 Crore against Rs. 22.74 Crore approved under the head. The variation is on account of lesser number of substations commissioned during FY 2013-14 and incurring only need based Capex related to HT network.

c) LT Network: The Petitioner incurred the capital expenditure of Rs. 12 Crore against Rs. 14.28 Crore approved under LT Network. The actual expenditure is lower due to less utilisation of LT cable and accessories as more applications were received for commercial/residential complexes instead of scattered load and incurred only need based capex.

d) Metering: The actual expenditure of Rs. 2.05 Crore, incurred under the head of Metering, is lower than the approved on account of usage of recycled meters and reduction in meter replacement. Further, the overall requirement of meters has reduced due to tariff rationalisation and "one premise one meter" concept as per the Commission order.

e) Customer Care and Others: The Petitioner has only incurred the need based capex of Rs. 3.07 Crore including capex of Rs. 1.89 Crore towards SAP against Rs. 2.72 Crore approved by the Commission.

Commission's Analysis

The Commission observed that the petitioner incurred capital expenditure of Rs. 25.45 Crore, as against 50.38 Crore considered by the Commission in the MYT Order for FY 2013-14.

The Commission would like to highlight that the unrealistic capital expenditure projections made by TPL in the past had impacted the overall ARR of TPL. The Commission directs the petitioner to prepare an optimum capital expenditure plan, along with proper timelines for the ensuing years, to ensure that the ARR is not inflated.

Capitalisation

Petitioner's Submission

TPL has claimed capitalisation of the entire capital expenditure of Rs. 25.45 Crore incurred during FY 2013-14.

Commission's Analysis

The net addition of assets during FY 2013-14 was Rs. 25.45 Crore, as verified from the audited accounts of TPL-Surat, for the FY 2013-14. There are deductions to the extent of Rs. 7.28 Crore during the year.

The Commission observed that the Petitioner has capitalised a lower amount, as against that considered by the Commission in MYT Order for FY 2013-14. The Commission noticed that the actual capitalisation claimed by TPL in the previous years was also lower than those approved by the Commission.

The Commission approves the net capitalisation at Rs. 18.17 Crore (25.45-7.28) in the truing up for FY 2013-14.

Funding of Capex

Petitioner's Submission

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

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

Particulars		Actual
Opening GFA	(a)	1368.27
Addition to GFA	(b)	25.45
Deletion to GFA	(c)	7.28
Closing GFA	(d)=(a)+(b)-(c)	1386.43
SL Contribution	(e)	11.63
Capitalisation for Debt	(f)=((b)-(e))	13.82
Capitalisation for Equity	(g)=((b)-(c)-(e))	6.53
Normative debt @70%	(h)=(f)*70%	9.67
Normative Equity @30%	(i)=(g)*30%	1.96

Commission's Analysis

TPL has considered gross capitalisation net of SL Contribution for funding through Debt and net capitalisation (Minus SL Contribution Addition minus deletion of assets) during the year for funding through equity. The SLC as per audited accounts was Rs. 11.63 Crore. The Commission has considered the net capitalisation after taking into account the SLC addition, as detailed in the Table below:

Table 4.15: Approved Capitalisation and Sources of Funding 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
1	Capital Expenditure	50.38	25.45
2	Capitalisation During the Year	50.38	18.17
3	Less: SLC	9.96	11.63
4	Balance Capitalisation	40.42	6.54
5	Normative Debt @ 70%	28.29	4.58
6	Normative Equity @ 30%	12.13	1.96

4.5.3 Depreciation

TPL has claimed a sum of Rs. 46.38 Crore towards depreciation in the truing up for FY 2013-14, as against Rs. 51.61 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

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

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Depreciation	51.61	46.38

Petitioner's Submission

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

Commission's Analysis

The Petitioner has computed the depreciation for FY 2013-14, by applying CERC depreciation rates, assets classification-wise. The details of opening balance of assets as on 1st April, 2013, addition and deduction to the Gross Block during FY 2013-14 and the depreciation on the assets, asset classification-wise, are given in the Petition. The

Commission has considered the opening and closing balance from the audited accounts for FY 2013-14 for computation of depreciation.

The Commission, accordingly, approves the depreciation of Rs. 46.38 Crore in the truing up for FY 2013-14.

As noted in Para 4.5.4 below, the Commission is of the view that depreciation should be treated as uncontrollable. The Commission, accordingly, approves the Gain / Losses on account of depreciation in the Truing up for FY 2013-14, as detailed in Table below:

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

(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT order	Approved in Truing up for FY 2013-14	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
Depreciation	51.61	46.38	5.23	-	5.23

4.5.4 Interest Expenses

TPL has claimed a sum of Rs. 41.58 Crore towards actual interest expenses in the truing up for FY 2013-14, as detailed in the Table below, as against Rs. 41.76 Crore approved in the MYT Order for FY 2013-14.

Table 4.18: Interest Claimed in the Truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up for FY 2013-14
1	Capitalisation during the year	25.45
2	Less: SLC additions	11.63
3	Normative Debt @ 70%	9.67
4	Opening Balance	369.32
5	Repayments	46.38
6	New Borrowings	9.67
7	Closing Balance	332.61
8	Interest Expenses @ 11.63%	40.83
9	Other Browning Cost	0.75
10	Total Interest Expenses	41.58

Petitioner's Submission

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

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

Commission's Analysis

The GERC (MYT) Regulations, 2011, provide for computation of interest on loan on normative basis, based on the opening balance of loan brought forward from the previous year's closing balance and the capitalisation and approved funding thereon. The Commission has approved the funding of net capitalisation in Table 4.15. The interest is computed at 11.63%, being the weighted average rate of actual loan portfolio. The Commission has recomputed the interest on loan for FY 2013-14, as detailed in the Table below:

Table 4.19: Interest Approved by the Commission in the Truing up for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved by the Commission for FY 2013-14
1	Opening Loan	369.32
2	New Loans During the Year	4.58
3	Repayment During the Year	46.38
4	Closing Loan	327.52
5	Average Loan	348.42
6	Rate of Interest	11.63%
7	Interest	40.52
8	Other Borrowing Costs	0.75
9	Total Interest and Finance Charges	41.27

The Commission, accordingly, approves the interest and finance charges at Rs. 41.27 Crore in the truing up for FY 2013-14.

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

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

Table 4.20: Gains / (Losses) Approved in the Truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/(-)	Gains/ (Losses) due to Controllable Factors	Gains/ (Losses) due to Uncontrollable Factors
Interest on Loans	41.76	41.27	0.49		0.49

4.5.5 Interest on Working Capital

TPL has claimed a sum of Rs. 0.13 Crore towards interest on working capital, as against Nil approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.21: Interest on Working Capital Claimed by for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	O&M Expenses for 1 Month	8.25	7.63
2	1% of GFA for Maintenance Spares	14.75	13.68
3	Receivables for 2 Months	134.79	158.39
4	Less: Security Deposit	161.85	178.82
5	Normative Working Capital	(4.06)	0.89
6	Interest Rate	11.75%	14.45%
7	**Interest on working Capital**	**-**	**0.13**

Petitioner's Submission

TPL has submitted that the interest on working capital has been computed @ 14.45%, in accordance with the GERC (MYT) Regulations, 2011. The Interest on Working capital has increased on account of variations in the working capital requirement and the interest rate.

Commission's Analysis

The Commission has examined the interest on working capital claimed by TPL for FY 2013-14. The Commission has observed that TPL has worked out the interest on working capital, by considering 14.45% as the SBAR as on 01.04.2013. The Commission, while approving the True-up for FY 2011-12, decided to consider the rate (SBAR) prevailing as on 1st April of the financial year for which Truing up is being done. The SBAR as on 1st April, 2013 was 14.45%. The Commission, accordingly, takes into consideration the SBAR of 14.45% for computation of Interest on Working Capital for FY 2013-14.

While computing the working capital, TPL has reduced the working capital by considering the average security deposit of Rs. 178.82 Crore for FY 2013-14 as per audited accounts.

The Commission has computed the working capital and interest thereon, as detailed in the Table below:

Table 4.22: Interest on Working Capital Approved for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Actual claimed in Truing up for FY 2013-14	Approved in Truing up for FY 2013-14
1	O&M expenses for 1 Month	7.63	7.63
2	1% of Opening GFA for Maintenance Spares	13.68	13.68
3	Receivables for 1 Month	158.39	158.39
4	Less: Security Deposit (Avg.)	178.82	178.82
5	Normative Working Capital	0.89	0.88
6	Interest Rate	14.45%	14.45%
7	Interest on Working Capital	**0.13**	**0.13**

The Commission, accordingly, approves the interest on working capital at Rs. 0.13 Crore in the truing up for FY 2013-14, as detailed in the above Table.

The Commission considers the interest on working capital as uncontrollable, since the components contributing towards working capital are mostly uncontrollable.

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

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

(Rs. Crore)

Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Interest on Working Capital	Nil	0.13	(0.13)	-	(0.13)

4.5.6 Interest on Security Deposit

TPL has claimed a sum of Rs. 15.24 Crore towards interest on security deposits in the truing up for FY 2013-14, as against Rs. 9.91 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.24: Interest on Security Deposit Claimed for TPL-D, Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual Claimed in Truing up for FY 2013-14
1	Interest Rate	6%	8.5%
2	Interest on Security Deposits	9.91	15.24

Petitioner's Submission

The Petitioner has submitted that the Commission in its MYT Order approved the interest on security deposit for the Petitioner considering 6% interest rate on the average estimated balance of security deposit for FY 2013-14.

The actual interest expenses on security deposit considering the rate of interest of 8.5% paid to consumers based on Bank Rate is submitted in the Table above for the approval of the Commission.

Commission's Analysis

The Commission has verified the actual interest on security deposits with the audited accounts and found that the actual interest is Rs. 15.24 Crore.

The Commission, accordingly, approves the interest on security deposit at Rs. 15.24 Crore in the truing up for FY 2013-14.

The deviation of Rs. 5.33 Crore is considered to be a loss on account of uncontrollable factors, as detailed in the Table below:

Table 4.25: Approved Gains / (Losses) due to Interest Paid on Security Deposits in the Truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/(-)	Gains/ (Losses) due to Controllable Factors	Gains/ (Losses) due to Uncontrollable factors
Interest on Security Deposits	9.91	15.24	(5.33)	-	(5.33)

4.5.7 Bad Debts Written Off

TPL has claimed Rs. (0.06) Crore towards bad debts written off in the truing up for FY 2013-14, as against Rs. 0.36 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.26: Bad Debts Written Off Claimed for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Bad Debts Written Off	0.36	(0.06)

Petitioner's Submission

The Petitioner has submitted that it has written off bad debts of Rs. 0.28 Crore during the year, whereas the recovery from bad debts during the FY 2013-14 is Rs. 0.34 Crore. The Petitioner has requested the Commission to consider net bad debts recovery of Rs. 0.06 (0.28 - 0.34) for FY 2013-14.

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

Commission's Analysis

The Commission has verified that the bad debts written off with reference to the audited annual accounts for FY 2013-14 and found the actual debts written off are Rs. 0.28 Crore.

Regarding TPL's request to consider bad debts written off and income from realisation of bad debts at a later date as uncontrollable is not acceptable. In this context the Petitioner's attention is invited to the observation of the Commission in its order on Petition No 1434 of 2014 which is as under:

"(C) Treatment of Bad Debts:

The contention of the Petitioner that income on account of bad debt should be considered as controllable is not acceptable as the income received out of settlement or otherwise of bad debt cannot be considered as controllable as it is an unexpected income and hence is uncontrollable."

The Commission, accordingly, approves the bad debts written off at Rs. 0.28 Crore in the truing up for FY 2013-14 as per audited accounts.

The Commission has assessed the deviation in bad debts written off at Rs. 0.08 Crore as a gain and considers it as a controllable item.

The Commission, accordingly, approves the gains / losses on account of bad debts written off in the truing up for FY 2013-14, as detailed in the Table below:

Table 4.27: Bad Debts Written Off and Gains / (Losses) Approved in the Truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Approved in Truing up for FY 2013-14	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Bad Debts Written Off	0.36	0.28	0.08	0.08	-

4.5.8 Contingency Reserve

Petitioner's Submission

TPL has claimed the contingency reserve at Rs. 0.40 Crore in the truing up for FY 2013-14, which is the same as approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.28: Contingency Reserve claimed for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in MYT order	Actual claimed in Truing up for FY 2013-14
1	Contingency Reserve	0.40	0.40

Commission's Analysis

The contingency reserve claimed is consistent with the approval accorded in the Tariff Order and as per audited accounts.

The Commission, accordingly, approves the contingency reserve at Rs. 0.40 Crore in the truing up for FY 2013-14 and also found that there was no deviation in the contingency reserve.

Table 4.29: Contingency Reserve and Gains / (Losses) Approved in the Truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2012-13 in the MYT Order	Approved in Truing up for FY 2012-13	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Contingency Reserve	0.40	0.40	-	-	-

4.5.9 Return on Equity

TPL has claimed a sum of Rs. 74.21 Crore towards return on equity @ 14% in the truing up for FY 2013-14, as against Rs. 79.38 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.30: Return on Equity claimed for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Opening Equity	560.96	529.10
2	Equity Addition During the Year	12.13	1.96
3	Closing Equity During the Year	573.09	531.06
4	Average of Opening and Closing	567.02	530.08
5	**Return on Equity**	**79.38**	**74.21**

Petitioner's Submission

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

Commission's Analysis

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

The Commission, accordingly, approves Rs. 74.21 Crore as the return on equity in the truing up for FY 2013-14, as given in the Table below:

Table 4.31: Return on Equity Approved for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Actual Claimed in Truing up for FY 2013-14	Approved in Truing for FY 2013-14
1	Opening Equity	529.10	529.10
2	Equity Addition During the Year	1.96	1.96
3	Closing Equity During the Year	531.06	531.06
4	Average Equity	530.08	530.08
5	**Return on Equity @ 14%**	**74.21**	**74.21**

The return on equity depends on the amount of capitalisation and the debt equity ratio considered during the Financial Year and these parameters are uncontrollable in nature. The variance in the amount of return on equity is, therefore, treated as an uncontrollable item.

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

Table 4.32: Return on Equity and Gains / (Losses) Approved in the Truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2013-14 in MYT Order	Approved in Truing up for FY 2013-14	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Return on Equity	79.38	74.21	5.17	-	5.17

4.5.10 Income Tax

TPL has not claimed any income tax in the truing up for FY 2013-14, as against Rs. 4.98 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.33: Income Tax claimed for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in MYT order	Actual claimed in Truing up for FY 2013-14
1	Income Tax	4.98	Nil

Petitioner's Submission

TPL has not claimed income tax for FY 2013-14 as there was a loss, as per the certified financial statement of Surat supply area.

Commission's Analysis

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

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

Table 4.34: Income tax and Gains / (Losses) due to income tax approved in the truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Income Tax	4.98	-	4.98	-	4.98

4.5.11 Non-Tariff Income

TPL has furnished the Non-Tariff income at Rs. 35.68 Crore in the truing up for FY 2013-14, as against Rs. 22.95 Crore approved in the MYT order for FY 2013-14, as detailed in the Table below:

Table 4.35: Non-Tariff Income Claimed for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in the MYT Order	Actual claimed in Truing up for FY 2013-14
1	Non-Tariff Income	22.95	35.68

Petitioner's Submission

The Petitioner has submitted that the actual Non-Tariff income for FY 2013-14 was Rs. 35.68 Crore, which is an uncontrollable item.

Commission's Analysis

The Commission has verified the Non-Tariff income with the audited accounts for FY 2013-14 and found it to be Rs. 36.02 Crore.

The Petitioner has submitted that income from insurance claim receipt has been considered as part of the O&M expenses as verified from the details in note 16 of the annual accounts for FY 2013-14 the insurance claim receipt is Nil. However, there is recovery of bad debts to the extent of 0.34 Crore which is considered as non-Tariff income.

The Commission, accordingly, approves the Non-Tariff income at Rs. 36.02 Crore in the truing up for FY 2013-14.

The deviation in Non-Tariff income at Rs. 13.07 Crore is assessed as a gain and considered as an uncontrollable item.

The Commission, accordingly, approves the gains / losses on account of Non-Tariff income in the truing up for FY 2013-14, as detailed below:

Table 4.36: Non-Tariff Income and Gains / (Losses) Approved in the truing up for FY 2013-14

(Rs. Crore)

Particulars	Approved for FY 2013-14 in the MYT Order	Approved in Truing up for FY 2013-14	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains/ (Losses) due to Uncontrollable Factors
Non-Tariff Income	22.95	36.02	(13.07)	-	(13.07)

4.5.12 Revenue from Sale of Power

Petitioner's Submission

TPL has furnished the revenue from sale of power at Rs. 1900.68 Crore in the truing up for FY 2013-14, as against Rs. 1617.44 Crore approved in the MYT Order for FY 2013-14, as detailed in the Table below:

Table 4.37: Revenue from the Existing Tariff Claimed for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2013-14 in MYT Order	Actual claimed in Truing up for FY 2013-14
1	Revenue from Existing Tariff	1617.44	1900.68

Commission's Analysis

The Commission has verified the audited annual accounts for FY 2013-14 and found that the revenue from power supply was Rs. 1900.68 Crore.

Table 4.38: Revenue from Sale of Power for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Approved in Truing up for FY 2013-14
1	Revenue from Existing Tariff	1900.68

4.5.13 Gains / Losses under the Truing up for FY 2013-14

The Commission has reviewed the performance of TPL-D Surat Supply Area under Regulation 22 of GERC (MYT) Regulations, 2011, with reference to audited annual accounts for FY 2013-14. The Commission has computed the gains / losses for FY 2013-14 based on the truing up for each component discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the MYT order dated 6th September, 2011 and the actual claimed in truing up, approved for truing up, gains / losses, computed in accordance with the GERC (MYT) Regulations, 2011, are as given in the Table below:

Table 4.39: ARR Approved in Respect of TPL-D Surat in the Truing up or FY 2013-14

(Rs. Crore)

Sl. No.	Annual Revenue Requirement	Approved for FY 2013-14 in MYT order	Claimed in Truing up for FY 2013-14	Approved in Truing up for 2013-14	Deviation +/(-)	Gain/ (Losses) due to controllable factors	Gain/ (Losses) due to Uncontrollable factors
1	**2**	**3**	**4**	**5**	**6=(3-5)**	**7**	**8**
1	Power purchase Cost	1432.54	1828.20	1802.58	(370.04)	15.36	(385.40)
2	Operations and Maintenance expenses	98.99	91.61	91.61	7.38	7.38	0.00
3	Depreciation	51.61	46.38	46.38	5.23		5.23
4	Interest on Loans	41.76	41.58	41.27	0.49		0.49
5	Interest on Security Deposit	9.91	15.24	15.24	(5.33)		(5.33)
6	Interest on working capital	0.00	0.13	0.13	(0.13)		(0.13)
7	Return on equity	79.38	74.21	74.21	5.17		5.17
8	Bad Debts	0.36	(0.06)	0.28	0.08	0.08	0.00
9	Contingency Reserve	0.40	0.40	0.40	0.00		0.00
10	Income Tax	4.98	0.00	0.00	4.98		4.98
11	Less: Non-Tariff Income	22.95	35.68	36.02	(13.07)		(13.07)
12	**Aggregate Revenue Requirement**	**1696.98**	**2062.01**	**2036.07**	**(339.09)**	**22.82**	**(361.91)**

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

4.5.14 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."*

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

Table 4.40: Trued up ARR including Gains/(Losses) for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars		Claimed in Truing up	Approved in Truing up
1	ARR as per MYT Order	(a)	1697.00	1696.98
2	Gains/(Losses) due to Uncontrollable Factors	(b)	(388.23)	(361.91)
3	Gains/(Losses) due to Controllable Factors	(c)	23.21	22.82
4	Pass through as Tariff	(d)=-(1/3rd of c+b)	380.49	354.31
5	ARR True-up	e=a+d	2077.49	2051.29

TPL has shown a revenue gap of Rs. 237.42 Crore in the truing up for FY 2013-14. TPL has included Rs. 60.70 Crore towards earlier years gap allowed as per Hon'ble APTEL judgment dated 30.05.2014. However, it is observed that the amount of Rs. 60.70 Crore consists of earlier period (FY 2007-08 to FY 2009-10) gap of Rs. 57.18 Crore and gap of Rs. 3.52 Crore towards delay in filing the petition for FY 2011-12. The gap of Rs. 57.18 Crore was already addressed by the Commission in the calculation of tariff for FY 2013-14 in Tariff Order dated 16.04.2013, and hence an amount of Rs. 3.52 Crore is added in true-up for FY 2013-14. The Commission has given the effect of APTEL judgement dated 30.05.2014 vide its consequential order dated 24.03.2015.

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

Table 4.41: Revenue Gap for TPL-D Surat for FY 2013-14

(Rs. Crore)

Sl. No.	Particulars	Claimed in Truing up for FY 2013-14	Approved in Truing up for FY 2013-14
1	Annual Revenue requirement	2077.49	2051.29
2	Less: Audit Adjustments for FY 2010-11	0.09	0.09
3	Total Trued Up ARR for FY 2013-14	2077.40	2051.20
4	Add: Previous years gap as per Commission's order dated 24.03.2014 on APTEL Judgement dtd. 30.05.2014	60.70	3.52
5	**Total Trued up ARR for FY 2013-14 (3+4)**	**2138.10**	**2054.72**
6	Revenue from Sale of Energy	1900.68	1900.68
7	**Gap/(Surplus)**	**237.42**	**154.04**

The Commission now considers the true-up gap of Rs. 154.04 Crore for FY 2013-14 for determination of tariff for FY 2015-16.

5. Determination of Tariff for FY 2015-16

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus, as well as consumer tariff for the FY 2015-16 for TPL-D Surat supply area. 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 head of expenditure has already been provided in the Mid-term Review.

Table 5.1: Approved ARR for Surat Supply Area FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Approved in Mid-term Review
1	Power Purchase Cost	1660.02
2	Operations and Maintenance Expenses	105.48
3	Depreciation	50.27
4	Interest on Loans	35.44
5	Interest on Working Capital	-
6	Interest on Security Deposit	20.73
7	Bad debts Written Off	0.36
8	Contingency Reserve	0.40
9	Return on Equity	80.29
10	Income Tax	-
11	**Total Expenditure**	**1952.99**
12	Less: Non-Tariff Income	26.64
13	**Aggregate Revenue Requirement**	**1926.35**

5.3 Projected Revenue from existing tariff for FY 2015-16

TPL-D has projected the Revenue from sale of power at Rs. 1982.62 Crore for FY 2015-16 with existing Tariff, including FPPPA of Rs. 1.23 per kWh. The details are as given in the Table below:

Table 5.2: Revenue Gap submitted for determination of Tariff of Surat Supply Area for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	TPL-D (S)
1	ARR	1926.36
2	Less: Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	1982.62
3	**Net Gap/(Surplus)**	**(56.26)**

Commission's Analysis

The Commission has reviewed the sales projected in the Mid-term Review and approved the sales of 3247 MU in the Mid-term Review. The Commission has recomputed the sales revenue, based on the sales approved in the Mid-term Review and applying FPPPA @ Rs. 1.23 per kWh, as detailed in the Table below:

The Revenue as estimated by TPL for FY 2015-16 and approved by the Commission are given in the Table below:

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

Sl. No.	Particulars	Estimated by TPL		Approved by the Commission	
		MU	(Rs. Crore)	MU	(Rs. Crore)
1	RGP	686.52	368.37	686.52	368.37
2	Non RGP	1260.86	748.12	1260.86	748.12
3	LTMD	981.49	656.35	981.49	656.35
4	HTMD-1	234.12	158.28	234.12	158.28
5	HTMD-2	56.26	37.23	56.26	37.23
6	Agriculture	0.95	0.20	0.95	0.20
7	GLP	26.55	13.84	26.55	13.84
8	Temporary	0.33	0.23	0.33	0.23
9	BPL	0.01	0.00	0.01	0.00
10	**Total**	**3247.08**	**1982.62**	**3247.08**	**1982.62**

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

The Commission has considered the total category-wise sales, as approved in the Mid-term Review Order, and applied the existing tariff on the approved sales for each category of consumers. The total revenue from sale of power, computed by the Commission at existing tariff, is Rs. 1982.62 Crore, including FPPPA. The FPPPA rate has been considered at Rs. 1.23 per unit. The estimated gap for FY 2015-16 is given in the Table below:

Table 5.4: Approved Revenue Gap/(Surplus) for FY 2015-16 with Existing Tariff

(Rs. Crore)

Sl. No.	Particulars	TPL-D (S)
1	ARR Approved for FY 2015-16	1926.36
2	Less: Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	1982.62
3	**Net Gap/(Surplus)**	**(56.26)**

5.5 Cumulative Revenue Gap/(Surplus)

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

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

(Rs. Crore)

Sl. No.	Particulars	TPL-D (S)
1	Gap/ (surplus) of FY 2013-14	237.42
2	Implementation of APTEL judgment	23.44
3	DSM	5.70
4	Clarification / Rectification Order	2.80
5	Net Gap/ (Surplus) of FY 2015-16	(56.26)
6	**Cumulative Gap/ (Surplus) to be recovered through Tariff**	**213.10**

5.5.1 Demand Side Management Program

TPL has projected the Demand Side Management plan for Surat Supply Area at Rs. 5.70 Crore as detailed below:

Table 5.6: Demand Side Management Plan for Surat Supply Area for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	Total Cost
1	Replacement of Tube Lights	1.88
2	Replacement of Fan	2.30
3	Export KVAR Management	1.26
4	Consumer Awareness Programs	0.26
5	**Total**	**5.70**

Petitioner's Submission

The GERC notified the GERC (Demand Side Management) Regulations, 2012 which mandates the distribution licensee to formulate and submit the DSM plan for its licensee area. The GERC has directed the distribution licensee including the Petitioner to submit the DSM plan for Ahmedabad, Gandhinagar and Surat licensee areas.

The Petitioner has proposed to carry out the following programs in the Surat licensee area as part of the DSM plan:

a) Replacement and promotion of energy efficient lighting and fans: TPL-(S) proposes to replace energy intensive and inefficient appliances with energy efficient appliances in order to reduce the demand & flatten the load curve. The premises covered in this program such as Government premises, SMC, Health Centres and Anganwadis are having non-star rated and inefficient appliances for lighting and fan. Accordingly, TPL-D (S) proposes to adopt state of the art energy efficient technologies in lighting and cooling appliances i.e. LED tube lights in lieu of the existing T12/T8 tube lights and star rated energy efficient fans.

b) Installation of current sensing Automated Switch of Capacitor for better reactive power management: As per Supply code guideline consumers have to install capacitor at their premises to maintain power factor at 0.9 and above. It is observed that majority consumers have installed fix type capacitor. Diamond Industry runs for 10 to 12 Hrs. per day. Installation of fix type capacitor leads to export of KVAR in system during non-usage especially during holidays and festive periods. Accordingly, the Petitioner proposes to install the current sensing automated switch with consumer owned existing fixed type capacitors. This would result into better reactive power management during daily non-usage period and especially during Diwali period in Diamond and Textile industries.

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

Commission's Analysis

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

The Commission approves the DSM plan submitted by TPL at Rs. 5.70 Crore for implementation for FY 2015-16. The actual expenditure incurred shall be part of the annual truing up exercise.

5.5.2 Implementation of APTEL judgment

TPL has claimed Rs. 23.44 Crore towards implementation of APTEL judgment and included the cumulative gap/ (surplus).

Petitioner's Submission

TPL has submitted the following:

The Tribunal has issued the judgment in Appeal nos. 190 of 2011 and 162 & 163 of 2012 vide order dated 28th November, 2013. The Commission has issued the implementation order dated 18th July, 2014 in this regard. Accordingly, the effect of Rs. 2.66 Crore towards O&M Expenses of TPL-D (S) for FY 2011-12 & FY 2012-13 is to be added to the total requirement.

Further to the above, the order has resulted in revised O&M expenses for TPL-G (APP) for FY 2011-12 and FY 2012-13. The impact of revised O&M expenses of TPL-G (APP) has been considered in tariff of FY 2015-16. The impact has been segregated between TPL-D (A) and TPL-D (S) based on the approved power purchase cost of the particular respective year. This has resulted into an additional impact of Rs. 2.98 Crore for TPL-D (S).

The Commission has also computed the carrying cost for TPL-D vide this order. The same has been bifurcated between both the licensee areas based on the respective gap/ (surplus) approved by the Commission. This has resulted in the carrying cost of Rs. 17.79 Crore for Surat Supply Area.

Thus, the total increase in ARR due to the Commission's order dated 18th July, 2014 work out to Rs. 23.44 Crore for Surat Supply Area. The same has been added to the Gap of TPL-D (S) for determination of Tariff for FY 2015-16.

Commission's Analysis

TPL has claimed Rs. 23.44 Crore as per the judgement dated 28.11.2013 of Hon'ble APTEL and consequential order of the Commission order dated 18.07.2014. However, TPL vide its Petition no. 1453/2014 has sought clarification / rectification from the Commission on its order dated 18.07.2014. As the matter is not yet decided by the Commission, the amount of Rs. 23.44 Crore is not considered for determination of tariff for FY 2015-16

5.5.3 Order on Clarification/Rectification

Petitioner's Submission

TPL has included Rs. 2.80 Crore in the cumulative gap/ (surplus) as per the Commission's order dated 17th November, 2014 in case no 1434/2014.

Commission's Analysis

The claim of Rs. 2.80 Crore is as per the Commission order dated 17th November, 2014 in case no 1434/2014 on clarification/rectification petition in case no. 1377/2013.

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

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

(Rs. Crore)

Sl. No.	Particulars	Projected by TPL	Approved by the Commission
1	Gap/(surplus) of FY 2013-14	237.42	154.04
2	Implementation of APTEL judgment	23.44	00.00
3	DSM	5.70	5.70
4	Clarification/Rectification Order	2.80	2.80
	Net Gap/(surplus) of FY 2015-16	(56.26)	(56.26)
5	**Cumulative Gap/(surplus) to be recovered through tariff**	**213.10**	**106.28**

The Commission approves the cumulative gap/(surplus) at Rs. 106.28 Crore for determination of Tariff for FY 2015-16.

5.6 Consolidated Revenue Gap for TPL Distribution

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

Table 5.8: Consolidated gap computed for FY 2015-16

(Rs. Crore)

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

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

6. Compliance of Directives

6.1 Compliance of earlier Directives

TPL had complied with all the directives issued prior to promulgation of the Tariff Orders dated 16th April 2013.

The Commission, in its Tariff Order dated 16th April 2013, had issued a fresh directive to TPL, in pursuance of which, TPL submitted a report on compliance of this directive. The comments of the Commission on the submission/compliance of TPL are given below. The Commission has also given fresh directives to the licensee, wherever required.

Directive 1:

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

Compliance

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

Commission's Comments

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

7. Fuel and Power Purchase Price Adjustment

7.1 Fuel Price and Power Purchase Price Adjustment

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

7.2 Formula

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

Where,

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

7.3 Base Price of Power Purchase (PPCB)

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

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

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

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

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

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

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

8. Wheeling Charges and Cross-Subsidy Surcharge

8.1 Introduction

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

8.2 Wheeling charges

Petitioner's Submission

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

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

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

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

a. ARR of Wheeling Business – Rs. 218.93 Crore

b. ARR of Retail Supply Business – Rs. 1707.43 Crore

Determination of Wheeling Charges

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

It is submitted by TPL-D that;

- The GFA (excluding assets related to retail supply i.e. SLC and Meters) for Surat Supply Areas as on 31st March, 2014 is Rs. 1201.72 Crore. In case of Surat Supply Area, the GFA identified for HT & LT business are Rs. 884.84 Crore & Rs. 316.88 Crore, respectively. The ratio of HT assets to LT assets is 74:26, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.

- Further as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak.

- The system peak demand for Surat Supply Area for the year FY 2013-14 is estimated as 592.77 MW. In case of Surat Supply Area, the contract demand for all the HT consumers is about 94.95 MW. Assuming that 85% of the contact demand of HT consumers contributes to the system peak demand, the total demand of LT contributing to the system peak is computed as 512.06 MW.

- To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the peak demand of the respective voltage level. Accordingly, the wheeling charge determined in terms of Rs/ kW/ Month has been tabulated below:

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

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	161.20
LT Voltage	57.73
Total	218.93
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	21.95
LT Voltage	196.98
Total	218.93
Wheeling Charge in Rs/ kW/ month	

Particulars	
HT Voltage	226.62
LT Voltage	320.58
Wheeling Charge in Rs/ kWh	
HT Voltage	0.76
LT Voltage	0.67

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

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

Table 8.3: Proposed Wheeling charges in kind of Surat area

Particulars	FY 2015-16 Surat Area
HT Category	4.00%
LT Category	4.50%

Commission's Analysis

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

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

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

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

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

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

(Rs. Crore)

Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power purchase expenses	1660.02	0.00	1660.02
2	O&M expenses	105.48		
	i) Employee expenses	44.71	26.83	17.88
	ii) R&M expenses	31.27	28.14	3.13
	ii) A&G expenses	29.52	14.76	14.76
3	Depreciation	50.27	45.24	5.03
4	Interest on loan	35.44	31.90	3.54
5	Interest on consumer security deposit	20.73	2.07	18.66
6	Interest on working capital	0.00	0.00	0.00
7	Provision for bad debt	0.36	0.00	0.36
8	Income tax	0	0.00	0.00
9	Contribution to contingency reserve	0.4	0.40	0.00
10	Return on equity	80.29	72.26	8.03
11	Prompt Payment Rebate	0	0.00	0.00
12	Less: Non-tariff income	26.64	2.66	23.98
13	**Net ARR**	1926.36	218.93	1707.43

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

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

Table 8.6: Wheeling charges for HT voltage level

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	161.20
LT Voltage	57.73
Total	218.93
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	21.95
LT Voltage	196.98
Total	218.93
Wheeling Charge in Rs/ kW/ month (For Long-term and Medium-term Open Access consumers)	
HT Voltage	226.62
LT Voltage	320.57
Wheeling Charge in Rs/ kWh (For Short-term Open Access consumers)	

Particulars	
HT Voltage	0.76
LT Voltage	0.67

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

Table 8.7: Approved Wheeling charges in kind

Particulars	FY 2015-16 Surat Area
HT Category	4.00%
LT Category	4.50%

8.3 Cross Subsidy Surcharge

Petitioner's Submission

Determination of Cross-Subsidy Surcharge

TPL-D has proposed the cross subsidy for HTMD-1 and HTMD-2 category consumer as 69 Paisa/kWh and 47 Paisa/kWh based on formula enumerated in the tariff Policy. However, TPL requested the Commission to derive a formula for calculation of cross-subsidy surcharge based on the principles enunciated in the tariff Policy and various provisions of the Act to arrive at correct amount of Cross-subsidy.

Commission's Analysis

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

S = T – {C(1+ L/100) + D}

Where:

S is the surcharge

T is the Tariff payable by the relevant category of consumers

C is the weighted average power purchase cost of top 5% at the margin excluding liquid fuel based generation and renewable power

L is the system loss for the applicable voltage level, expressed as a percentage

D is the wheeling charge

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

Table 8.8: Cross subsidy surcharge for FY 2015-16

Sl. No.	Particulars	HT Industry
1	T	6.98
2	C	5.86
3	D	0.76
4	L	4%
5	S = Cross subsidy surcharge	0.13 Rs/kWh

1. Average HT tariff including base FPPPA charge @ Rs. 1.23 per unit for FY 2015-16: 6.98 Rs./ kWh
2. Wt. Avg. Power purchase cost of top 5% at margin: 5.86 Rs./ kWh
3. Cross subsidy surcharge for HT

$$S = 6.98 - [5.86 (1+4/100) + 0.76]$$
$$= 0.13 \text{ Rs./ kWh}$$

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, the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and GERC (MYT) Regulations, 2011 notified by the Commission.

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

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

9.2.1 Retail Tariff

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

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

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

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

i) Consumer's Capacity to pay.

ii) Correct recovery of fixed charges which is depictive of the fixed costs.

iii) Adhering to band of cross subsidy prescribed in Tariff Policy.

iv) Incentivising the energy conservation through telescopic tariff.

v) Demand Side Management by shifting of consumption from peck hours to off-peak hours.

vi) Promotion of efficient use of electricity.

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

(i) Consumer's Capacity to Pay

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

a) BPL consumers for consumption up to 30 units per month may receive a special support. The tariff for such consumers will be at least 50% of the average cost of supply.

b) The tariff should progressively reflect cost of supply in a manner that tariffs are within plus or minus 20% of the average cost of supply.

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

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

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

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

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

The fixed costs are to be recovered through fixed charges.

TPL has further submitted:

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

- The generation, transmission, distribution and supply of electricity are conducted on commercial principles.
- The factors which would encourage competition, efficiency, economical use of the resources, good performance and optimum investments.

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

Anomaly in recovery of fixed charges vis-a-vis the fixed cost

In the present tariff structure, about Rs. 0.47/unit is recovered through fixed charges which is less than 8% of the total tariff.

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

Problems due to this anomaly in tariff

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

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

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

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

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

Incentivising Energy Conservation through telescopic tariff

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

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

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

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

Promotion of efficient use of electricity

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

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

9.3 Commission's Analysis

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

The Commission decides to continue the existing tariff structure.

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

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

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

COMMISSION'S ORDER

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

Approved ARR for TPL-D (Surat) for FY 2015-16

(Rs. Crore)

Sl. No.	Particulars	FY 2015-16
1	Power Purchase Cost	1660.02
2	Operations and Maintenance Expenses	105.48
3	Depreciation	50.27
4	Interest on Loans	35.44
5	Interest on Working Capital	-
6	Interest on Security Deposit	20.73
7	Bad debts Written Off	0.36
8	Contingency Reserve	0.40
9	Return on Equity	80.29
10	Income Tax	-
11	**Total Expenditure**	**1952.99**
12	Less: Non-Tariff Income	26.64
13	**Aggregate Revenue Requirement**	**1926.35**

The retail supply tariffs for Surat 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/-	Sd/-	Sd/-
SHRI K.M. SHRINGARPURE	**DR. M.K. IYER**	**SHRI PRAVINBHAI PATEL**
Member	Member	Chairman

Place: Gandhinagar
Date: 31/03/2015

ANNEXURE: TARIFF SCHEDULE

TARIFF SCHEDULE FOR SURAT LICENSE AREA OF TORRENT POWER LIMITED

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

Effective from 1st April, 2015

GENERAL CONDITIONS

1. This tariff schedule is applicable to all the consumers of TPL in Surat Area.

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

3. Meter charges shall be applicable as prescribed under GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, 2005 as in force from time to time.

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

5. The charges specified in the tariff are on monthly basis; TPL may decide the period of billing and adjust the rates accordingly.

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

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

8. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power, kilo -Watt, kilo- Volt -Ampere (HP, kW, kVA), 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 1.0 (one) kilo-watt-hour (kWh) or kilo-volt-ampere-hour (kVAh) or kilo-volt-ampere-reactive hour (kVARh), as the case may be.

9. Contract Demand shall mean the maximum kW or kVA for the supply of which TPL undertakes to provide facilities to the consumer from time to time.

10. Maximum Demand in a month means the highest value of average kVA or kW as the case may be, delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.

11. TPL may install KWh and kVARh meter for ascertaining power factor, reactive units and KWh units.

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

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

14. ToU charges wherever applicable unless otherwise notified shall be levied for the energy consumption during the period between 07.00 hours and 11.00 hours; and between 18.00 hours and 22.00 hours, termed as PEAK HOURS. Night hours concession wherever applicable will be given for the energy consumption during the period between 22.00 hours and 06.00 hours next day, termed as 'OFF PEAK HOURS'.

15. Fuel Price and Power Purchase Adjustment (FPPPA) charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.

16. Delayed Payment Charges
    a. No delayed payment charges will be levied if the bill is paid on or before due date indicated in the bill.
    b. Delayed payment charges, if the bill is paid after due date, will be levied at the rate of 15% per annum (computed on daily basis) on the outstanding bill from the due date till the date of payment.

17. Statutory Levies: These tariffs are exclusive of Electricity Duty, Tax on Sales of Electricity, Taxes and other Charges levied/may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk/retail supplies from time to time.

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

PART-I

RATE SCHEDULE - LOW /MEDIUM TENSION 230/400 VOLTS

1. RATE: RGP

This tariff is applicable for supply of electricity to residential premises.

Single-phase supply- Aggregate load up to 6 kW

Three-phase supply- Aggregate load above 6 kW

1.1 FIXED CHARGES:

For Other than BPL consumers

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

For BPL household consumers*

(a)	Fixed Charges	Rs. 5.00 per month per installation

PLUS

1.2 ENERGY CHARGES:

For Other than BPL consumers

(a)	First 50 units during the month	320 Paise/unit
(b)	Next 50 units during the month	365 Paise/unit
(c)	Next 100 units during the month	425 Paise/unit
(d)	Next 50 units during the month	435 Paise/unit
(d)	Above 250 units during the month	505 Paise/unit

For BPL household consumers*

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

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

2. RATE: GLP

This tariff will be applicable for use of energy for lights, fans, heating, general load and motive power in premises:

i. Crematoriums and Government and Municipal Hospitals.

ii. Charitable Institutions like hospital, dispensary, educational and Research Institute and Hostel attached to such Institution, religious premises exclusively used for worship or community prayers, registered with Charity Commissioner and specifically exempted from levy of general tax under section 2 (13) of Bombay Trust Act, 1950 read with section 9 of The Income Tax Act, 1961.

iii. Public streets Lights, gardens and conveniences.

iv. Water works and sewerage pumping services operated by Municipal Corporations.

Note: Halls or gardens or any portion of the above premises let out for consideration or used for commercial activities at any time shall be charged at Non-RGP tariff.

Single-phase supply- Aggregate load up to 6 kW
Three-phase supply- Aggregate load above 6 kW

2.1 FIXED CHARGES:

Fixed Charges	Rs. 55.00 per installation per month

PLUS

2.2 ENERGY CHARGES:

Energy Charges	405 Paise/unit

3. <u>RATE: NON-RGP</u>

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

3.1 FIXED CHARGES:

(a)	First 10 kW	Rs. 70 Per kW per month
(b)	Next 5 kW	Rs. 90 Per kW per month

3.2 ENERGY CHARGES:

(a)	For installations having connected load up to 10 kW	435 Paise/unit
(b)	For installations having connected load above 10 kW and up to 15 kW	455 Paise/unit

4. <u>RATE: LTMD</u>

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

4.1 DEMAND CHARGES:

(a)	Up to 20 kVA of billing demand	Rs. 115 per kVA /month
(b)	Above 20 kVA & up to 60 KVA billing demand	Rs. 155 per kVA /month
(c)	Above 60 kVA of billing demand	Rs. 225 per kVA /month
(d)	In excess of contract demand	Rs. 250 per kVA /month

Note: BILLING DEMAND: Billing demand during the month shall be the highest of the following:

i. Maximum demand recorded during the month.
ii. 85 % of the contract demand.
iii. 6 kVA

PLUS

4.2 ENERGY CHARGES:

Energy charges	485 Paise/unit

PLUS

4.3 REACTIVE ENERGY CHARGES (KVARH UNITS):

For installation having contracted load of 40 kVA and above

For all the reactive units drawn during the month	10 Paise/kVARh

5. <u>RATE: TMP</u>

Applicable to installations for temporary requirement of electricity supply.

5.1. FIXED CHARGE

Fixed Charge per Installation	Rs. 25 per kW per Day

5.2. ENERGY CHARGE

A flat rate of	500 Paise per Unit

6. <u>RATE: AGP</u>

This tariff is applicable to motive power services used for irrigation purpose.

The rates for following group are as under

6.1 FIXED CHARGES:

Fixed Charges	Rs. 20.00 per HP per month

PLUS

6.2 ENERGY CHARGES:

Energy Charges	60 Paise/unit

Note:

1. The agricultural consumers shall be permitted to utilize one bulb or CFL up to 40 watts in the Pump House without recovering any charges. Any further extension or addition of load will amount to unauthorized extension.
2. No machinery other than pump for irrigation will be permitted under this tariff.

PART-II

RATE SCHEDULE FOR SERVICE AT HIGH TENSION

7 RATE HTMD-1

This tariff shall be applicable for supply of energy to consumers at 3.3 KV and above for contracting the demand of 100 KVA and above for purposes other than pumping stations run by Local Authorities.

7.1 DEMAND CHARGES:

7.1.1 **For billing demand up to contract demand**

(a)	First 500 KVA of billing demand	Rs. 170 per KVA
(b)	Above 500 KVA	Rs. 285 per KVA

7.1.2 For billing demand in excess over contract demand

For billing demand in excess over contract demand	Rs. 395/- per KVA

Note: BILLING DEMAND: Billing demand shall be the highest of the following:

i. Actual maximum demand established during the month
ii. 85 per cent of the Contract Demand, and
iii. 100 KVA

PLUS

7.2 ENERGY CHARGES:

(a)	First 400 units per kVA billing demand per month	480 Paise/unit
(b)	Remaining units consumed per month	470 Paise/unit

PLUS

7.3 TIME OF USE CHARGE:

For energy consumption during the two peak periods, Viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	
For Billing Demand up to 500 kVA	65 Paise per Unit
For Billing Demand above 500 kVA	100 Paise per Unit

PLUS

7.4 **POWER FACTOR:**

7.4.1 Power Factor Adjustment Charges: -

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.

7.4.2 Power Factor Adjustment Rebate: -

If the average 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 1% 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%.

7.5 **NIGHT TIME CONCESSION:**

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) as is in excess of one third of total energy consumed during the month, shall be eligible for concession of 60 Paise per KWH. The meter and time switch shall be procured and installed by consumer at his cost, if required by TPL-Surat. In such case, TPL-Surat will seal the metering equipment.

7.6 REBATE FOR SUPPLY AT EHV:

Sr. No.	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 %

8 <u>RATE: HTMD-2</u>

This tariff shall be applicable for supply of energy at 3.3 KV and above and contracting for demand of 100 KVA and above for water works and pumping stations run by Local Authorities.

8.1 DEMAND CHARGES:

8.1.1 For billing demand up to contract demand

(a)	First 500 KVA of billing demand	Rs. 140/- per KVA per month
(b)	Above 500 KVA of billing demand	Rs. 225/- per KVA per month

8.1.2 For billing demand in excess of contract demand

For Billing demand in excess over Contract demand	Rs. 360/- per KVA per month

Note: BILLING DEMAND: Billing demand shall be the highest of the following:

i. Actual maximum demand established during the month

ii. 85 per cent of the Contract Demand, and

iii. 100 KVA

PLUS

8.2 ENERGY CHARGES:

(a)	First 400 units per kVA billing demand per month	475 Paise/unit
(b)	Remaining units consumed per month	470 Paise/unit

PLUS

8.3 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	80 Paise per Unit

PLUS

8.4 POWER FACTOR:

Power Factor Adjustment Charges:

1. 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 %.
2. 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.

Power Factor Adjustment Rebate:

If the average 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 1% 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%.

8.5 **NIGHT TIME CONCESSION:**

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) as is in excess of one third of total energy consumed during the month, shall be eligible for concession of 60 Paise per KWH. The meter and time switch shall be procured and installed by consumer at his cost, if required by TPL-Surat. In such case, TPL-Surat will seal the metering equipment.

8.6 REBATE FOR SUPPLY AT EHV:

Sr. No.	**On Energy Charges:**	**Rebate @**
(a)	If supply is availed at 33/66 KV	0.5 %
(b)	If supply is availed at 132 KV and above	1.0 %

9 <u>RATE: HTMD-3</u>

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

9.1 FIXED CHARGE

For billing demand up to contract demand	Rs. 25/- per kVA per day
For billing demand in excess of contract demand	Rs. 35/- per kVA per day

Note: BILLING DEMAND: Billing demand shall be the highest of the following:

i. Actual maximum demand established during the month
ii. 85 per cent of the Contract Demand, and
iii. 100 KVA

PLUS

9.2 ENERGY CHARGE

For all units consumed during the month	695 Paise/Unit

PLUS

9.3 TIME OF USE CHARGES:

For energy consumption during the two peak periods, Viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 500 kVA	45 Paise per Unit
(b) For Billing Demand above 500 kVA	80 Paise per Unit

9.4 POWER FACTOR:

Power Factor Adjustment Charges:

1. 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 %.
2. 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.

Power Factor Adjustment Rebate:

If the average 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 1% 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%.

10 RATE- NTCT (NIGHT TIME CONCESSIONAL TARIFF)

This is night time concessional tariff for consumers for regular power supply who opt to use electricity **EXCLUSIVELY** during night hours between 22.00 hours and 06.00 hours next day. The consumer shall provide the switching arrangement as shall be acceptable to TPL-Surat to regulate supply hours.

10.1 FIXED CHARGE

Fixed Charges	30% of the Demand Charges under relevant Tariff Category

10.2 ENERGY CHARGE

A flat rate of	340 Paise per unit

10.3 POWER FACTOR

Power Factor Adjustment Charges:

1. 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 %.
2. 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.

Power Factor Adjustment Rebate:

If the average 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 1% 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%.

NOTE:

1. *10% of total units consumed and 15% of the contract demand can be availed beyond the prescribed hours.*
2. *This tariff shall be applicable if the consumer so opts to be charged in place of HTMD tariff by using electricity exclusively during night hours as above.*

3. *The option can be exercised to switch over from HTMD tariff to this category and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
4. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category HTMD.*