GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2018-19

and Determination of Tariff for FY 2020-21

For

Torrent Power Limited - Distribution Ahmedabad

Case No. 1844 of 2019

31st March, 2020

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सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
ATE/APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
BHP	Brake Horse Power
BPL	Below Poverty Line
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
3rd Control Period	FY 2016-17 to FY 2020-21
CSS	Cross Subsidy Surcharge
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
DoE	Diversion of Energy
DSM	Demand Side Management
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
HTMD	High Tension Maximum Demand
HV	High Voltage
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kW	Kilo Watt
kWh	Kilo Watt Hour
LT	Low Tension
LTMD	Low Tension Maximum Demand
LTP	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MUs	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
NTCT	Night Time Concession Tariff
OA	Open Access
O&M	Operations and Maintenance
p.a.	Per Annum
PBT	Profit Before Tax

PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
PPC	Power Purchase Cost
R&M	Repairs and Maintenance
REC	Renewable Energy Certificate
RGP	Residential General Purpose
RLDC	Regional Load Despatch Centre
RoE	Return on Equity
RPO	Renewable Power Purchase Obligation
SBI	State Bank of India
SLC	Service Line Charges
SLDC	State Load Despatch Centre
TOU	Time Of Use
TPL	Torrent Power Limited
TPL-D	TPL Distribution
T&D	Transmission & Distribution
UGVCL	Uttar Gujarat Vij Company Limited
UI	Unscheduled Interchange
WRLDC	Western Regional Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1844 of 2019

Date of Order: 31/03/2020

CORAM

Shri Anand Kumar, Chairman

Shri P.J. Thakkar, Member

ORDER

1 Background and Brief History

1.1 Background

Torrent Power Limited – Distribution (Ahmedabad) (hereinafter referred to as TPL-D (A) or the Petitioner) has filed the present petition on 30th November, 2019 under Section 62 of the Electricity Act, 2003 read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulation, 2016 (hereinafter referred to as the GERC (MYT) Regulations, 2016) for True-up of FY 2018-19 and determination of tariff for FY 2020-21 for its distribution business in Ahmedabad and Gandhinagar.

Gujarat Electricity Regulatory Commission (hereinafter referred to as GERC or the Commission) notified the GERC (MYT) Regulations, 2016 on 29th March, 2016 which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of detailed application comprising Truing up for FY 2018-19, revenue from sale of power at existing tariffs and charges for the ensuing year, i.e., FY 2020-21, Revenue Gap or Revenue Surplus for the ensuing year for determination of tariff for FY 2020-21 to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

The Petition was registered on 4th December, 2019 after technical validation session and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

1.2 Torrent Power Limited (TPL)

Torrent Power Limited (TPL), a company incorporated under the Companies Act, 1956, is carrying on the business of Generation and Distribution of electricity in the cities of Ahmadabad, Gandhinagar, Surat and Dahej. The present petition has been filed by TPL-Distribution (Ahmedabad) (TPL-D (A)) for its distribution business in Ahmedabad and Gandhinagar.

TPL had assumed the business, consequent upon the amalgamation of Torrent Power Ahmadabad 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.

1.3 Commission's order for Approval of final ARR for FY 2016-17 and Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21

The Petitioner filed its petition for Truing up for 2015-16, Approval of Final ARR for 2016-17, Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and Determination of tariff for 2017-18 on 30th November, 2016. The Petition was registered on 3rd December, 2016 (under Case No. 1627 of 2016).

The Commission vide order dated 9th June, 2017 (hereinafter referred to as the MYT Order) approved the Truing up for 2015-16, Final ARR for 2016-17, Multi-Year ARR for FY 2016-17 to FY 2020-21 and determined the tariff for FY 2017-18.

1.4 Commission's Order for approval of True-up of FY 2016-17 and Determination of tariff for FY 2018-19

The Petitioner filed its Petition for Truing up for FY 2016-17 and Determination of tariff for FY 2018-19 on 30th December, 2017. The Petition was registered on 3rd January, 2018 (under Case No. 1696 of 2018). The Commission vide Order dated 31st March, 2018 approved the Truing up for FY 2016-17 and determined the tariff for FY 2018-19.

1.5 Commission's Order for approval of True-up of FY 2017-18, Mid-Term Review of FY 2019-20 & FY 2020-21 and Determination of tariff for FY 2019-20

The Petitioner filed its Petition for truing up of FY 2017-18, Mid-Term Review of FY 2019-20 and FY 2020-21 and determination of tariff for FY 2019-20 on 30th November, 2018. After technical validation the Petition was registered on 4th December, 2018 (Case No. 1764 of 2018). The Commission vide order dated 24th April, 2019 approved the Truing-up of FY 2017-18, mid-term review of FY 2019-20 & FY 2020-21 and determined the tariff for FY 2019-20.

1.6 Background of the present petition

Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the truing up of previous year's expenses and revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

Further, Regulation 16.2 (vi) of the GERC (MYT) Regulations, 2016 provides for annual determination of tariff for the Generating Company, Transmission Licensee, SLDC, Distribution Wire Business and Retail Supply Business, for each financial year, within the Control Period, based on the approved forecast and results of the truing up exercise.

1.7 Registration of the Current Petition and the Public Hearing Process

The Petitioner submitted the current Petition for truing up of FY 2018-19 and determination of tariff for FY 2020-21 on 30th November, 2019. After technical validation the Petition was registered on 4th December, 2019 (Case No. 1844 of 2019), and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed TPL-D (A) to publish its application in an abridged form in the newspapers to ensure due public participation.

The Public Notice, inviting objections /suggestions from the stakeholders on the Petition filed by it, was published in the following newspapers:

Table 1.1: List of Newspapers in which Public Notice was published by the Petitioner

Sr. No.	Name of Newspaper	Language	Date of Publication
1	The Times of India	English	14/12/2019
2	Sandesh	Gujarati	14/12/2019

The Petitioner also placed the Public Notice and the Petition on its website (www.torrentpower.com), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections/suggestions on the Petition on or before 13th January, 2020.

The Commission also placed the Petition and additional details received subsequently from the Petitioner on its website (www.gercin.org) for information and study of all the stakeholders.

The Commission also issued a notice for Public Hearing in the following newspapers in order to solicit wider participation by the stakeholders:

Table 1.2: List of Newspapers in which Public Notice for Hearing was published by the Commission

Sr. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	04/02/2020
2	Divya Bhaskar	Gujarati	05/02/2020
3	Sandesh	Gujarati	05/02/2020

The Commission received objections / suggestions from consumers / consumer organizations as shown in Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the Public Hearing on the Petition on 13th February, 2020 at the Commission's Office, Gandhinagar and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission.

The status of stakeholders who submitted their written suggestion / objections, those who remained present in Public Hearing, those who could not attend the Public Hearings and those who made oral submissions is given in the Table below:

Table 1.3: List of Stakeholders who commented on petition filed by TPL-D (A)

Sr. No.	Name of Stakeholders	Written Submission	Oral Submission	Present on 13.02.2020
1.	Akhil Gujarat Grahak Sewa Kendra	Yes	No	No
2.	Commander Works Engineer - Military Engineer Services	Yes	No	No
3.	SE TRANSSTADIA Pvt. Ltd.	Yes	No	No
4.	Airport Authority of India	Yes	Yes	Yes
5.	K.K. Bajaj	Yes	Yes	Yes
6.	Laghu Udyog Bharati - Gujarat	Yes	No	No
7.	Gujarat Chamber of Commerce & Industry	Yes	No	No
8.	Ambica Marble & Granites	Yes	No	No
9.	Krishna Ceramics	Yes	No	No
10.	Users Welfare Association	Yes	Yes	Yes
11.	SUBAKI Industries	Yes	No	No
12.	SMIT Medimed Pvt. Ltd.	Yes	No	No
13.	Ratilal Sombhai Patel	Yes	No	No
14.	Balkrishna Powder Product	Yes	No	No
15.	Mansukhbhai Manjibhai Patel	Yes	No	No
16.	Ashokkumar Bhagwandas Agrawal	Yes	No	No
17.	Bansal Trading Company	Yes	No	No
18.	Usha R Sharma	Yes	No	No
19.	Usha Precision Works	Yes	No	No
20.	Keshavbhai Bhagwandas Agrawal	Yes	No	No
21.	Rajubhai Madhaji Thakor	Yes	No	No
22.	Utility Users Welfare Association	Yes	No	No
23.	Rajesh R Goswami	Yes	No	No
24.	Power of A. Holder Bomin Pvt. Ltd.	Yes	No	No
25.	Jaydeep Controls	Yes	No	No
26.	Shah Chandrikaben C	Yes	No	No
27.	M/s. Yashraj Industries	Yes	No	No
28.	Shrihari Metal Industries	Yes	No	No

Sr. No.	Name of Stakeholders	Written Submission	Oral Submission	Present on 13.02.2020
29.	Maheshwari Industries	Yes	No	No
30.	Krishna Industries	Yes	No	No
31.	Umiya Industries	Yes	No	No
32.	Jay Ambey Industries	Yes	No	No
33.	Maha Gujarat Iron & Steel Co. Pvt. Ltd.	Yes	No	No
34.	Shaileshbhai Bhagwatiprasad Joshi	Yes	No	No
35.	Jay Khodiar Plastics	Yes	No	No
36.	Maruti Industries	Yes	No	No
37.	Geetaben Jagdishbhai Nakrani	Yes	No	No
38.	Ravin Industries	Yes	No	No
39.	Vishubhai Bhagawanbhai Desai	Yes	Yes	Yes

A short note on the main issues raised by the objectors in the submission in respect of the Petition, along with the response of TPL-D (A) and the Commission's views on the response, are as given in Chapter 3.

1.8 Contents of this Order

The order is divided into **nine** Chapters as detailed under:

1. The **first chapter** provides a brief background regarding the Petitioner, the Petition on hand and details of the Public Hearing process and approach adopted in this Order
2. The **second chapter** outlines the summary of TPL-D (A)'s Petition
3. The **third chapter** deals with the objections raised by various stakeholders, TPL-D (A)'s response and Commission's views on the response
4. The **fourth chapter** focuses on the details of truing up for FY 2018-19
5. The **fifth chapter** deals with the determination of tariff for FY 2020-21
6. The **sixth chapter** deals with compliance of directives and issue of fresh directives.
7. The **seventh chapter** deals with FPPPA charges
8. The **eighth chapter** outlines the Wheeling Charges and Cross-Subsidy Surcharge
9. The **ninth chapter** deals with tariff philosophy and tariff proposals

1.9 Approach of this Order

The GERC (MYT) Regulations, 2016, provide for "Truing up" of the previous year and determination of tariff for the ensuing year. The Commission has approved ARR for five years of the control period of FY 2016-17 to FY 2021-22 vide MYT Order dated 9th June, 2017.

TPL-D (A) has approached the Commission with the present Petition for Truing up of FY 2018-19 and determination of tariff for FY 2020-21.

The Commission has undertaken Truing up for FY 2018-19, based on the submissions of the Petitioner and the annual accounts for FY 2018-19. The Commission has undertaken the computation of gains and losses for FY 2018-19, based on the annual accounts and final ARR for FY 2018-19 approved vide MYT Order dated 9th June, 2017.

While truing up for FY 2018-19 the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MYT Order dated 9th June, 2017, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.
- The Truing up for the FY 2018-19 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of Tariff for FY 2020-21 has been considered as per the GERC (MYT) Regulations, 2016 and amendments thereof as the base.

2 Summary of TPL-D (A)'s Petition

2.1 Introduction

TPL-D (A) has submitted the current Petition seeking approval of True-up for ARR for FY 2018-19. The Petitioner has also submitted the tariff proposal for FY 2020-21, based on the Revenue Gap for FY 2018-19 and ARR for FY 2020-21 (ARR for FY 2020-21 as approved vide order dated 24th April, 2019).

2.2 Actuals for FY 2018-19 submitted by TPL-D (A)

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

Table 2.1: Actuals Claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual as per TPL-D (A)
Power Purchase Cost	3,947.68	4,888.04
O&M Expenses	306.87	312.77
Depreciation	172.81	206.07
Interest on Loan and Finance Charges	83.07	113.79
Interest on Security Deposit	53.58	42.12
Interest on Working Capital	-	-
Bad Debts Written off	4.92	5.02
Contingency Reserve	0.60	0.60
Return on Equity	211.07	238.81
Income Tax	97.80	49.08
Less: Non-Tariff Income	97.72	47.25
Annual Revenue Requirement (ARR)	**4,780.68**	**5,809.06**

2.3 Sharing of gains and losses for FY 2018-19

The sharing of gains and losses as projected by TPL-D (A) is depicted below.

Table 2.2: Summary of Sharing of Gains and Losses for TPL-D (A) for FY 2018-19

(Rs. Crore)

Particular	FY 2018-19 (MYT Order)	FY 2018-19 (Claimed)	Over / (Under) recovery	Controllable Gain / (Loss)	Uncontrollable Gain / (Loss)
Power Purchase	3,947.68	4,888.04	(940.36)	66.77	(1007.13)
O&M Expenses	306.87	312.77	(5.90)	(3.40)	(2.50)
Depreciation	172.81	206.07	(33.26)	-	(33.26)

Particular	FY 2018-19 (MYT Order)	FY 2018-19 (Claimed)	Over / (Under) recovery	Controllable Gain / (Loss)	Uncontrollable Gain / (Loss)
Interest on Loan and Finance Charges	83.07	113.79	(30.72)	-	(30.72)
Interest on Security Deposit	53.58	42.12	11.46	-	11.46
Interest on Working Capital	-	-	-		-
Return on Equity	211.07	238.81	(27.74)	-	(27.74)
Bad Debts Written off	4.92	5.02	(0.10)	(0.10)	-
Contingency Reserve	0.60	0.60	-	-	-
Income Tax	97.80	49.08	48.72	-	48.72
Less: Non-Tariff Income	97.72	47.25	50.47	-	50.47
ARR	**4,780.68**	**5,809.06**	**(1,028.37)**	**63.27**	**(1,091.64)**

2.4 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap for FY 2018-19

The Table below summarises the proposed ARR claimed by TPL-D (A) for Truing up, revenue from sale of power at existing tariff and the revenue gap estimated for FY 2018-19.

Table 2.3: True-up ARR claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particular		Claimed
ARR as per MYT	(a)	4,780.68
Gains/(Losses) due to Uncontrollable Factors	(b)	(1,091.64)
Gains/(Losses) due to Controllable Factors	(c)	63.27
Pass through as tariff	d= -(1/3rd of c+ b)	1,070.55
Trued-up ARR	**e=a + d**	**5,851.23**

The Table below summarises the Revenue Gap/(Surplus) for TPL-D (A) for FY 2018-19:

Table 2.4: Revenue Gap/ (Surplus) for TPL-D (A) for FY 2018-19

(Rs. Crore)

Particular	FY 2018-19 (Claimed)
Trued up ARR	5,851.23
Revenue	5,624.47
Less: Revenue towards recovery of earlier years Approved Gap/(Surplus)	543.43
Balance Revenue	**5,081.04**
Gap/(Surplus)	**770.19**

2.5 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2020-21

Table 2.5: Revenue Gap/ (Surplus) of TPL-D (A) for FY 2020-21

(Rs. Crore)

Particulars	Claimed by TPL-D (A)
ARR for FY 2020-21	5,429.89
Less:	
Revenue from sale of power including FPPPA revenue @ Rs.1.38 per unit	5,590.41
Revenue from OA charges	10.70
Gap/(Surplus)	**(171.22)**

TPL-D (A) has claimed the cumulative revenue gap/(surplus) for FY 2020-21 as detailed in the Table below:

Table 2.6: Cumulative Revenue (Gap)/Surplus for determination of tariff of TPL-D (A) for FY 2020-21

(Rs. Crore)

Particulars	Claimed by TPL-D (A)
Gap/ (Surplus) of FY 2018-19	770.19
Carrying Cost	164.20
DSM	-
Impact of Change in law pertaining to FY 2017-18	9.26
Gap/(Surplus) of FY 2020-21	(171.22)
Cumulative Gap/ (Surplus) to be recovered through tariff	**772.43**

2.6 TPL-D (A)'s Prayer to the Commission

1. Admit the petition for truing up of FY 2018-19 and determination of tariff for FY 2020-21
2. Approve the trued-up Gap/ (Surplus) of FY 2018-19
3. Approve the sharing of gains/ losses as proposed by the Petitioner for FY 2018-19
4. Approve the Cumulative Gap/ (Surplus)
5. Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2020
6. Allow recovery on account of change in law and delayed payment charges as set out in the present Petition

7. Approve the recovery through retail tariff and/or Regulatory Charge as prayed for
8. Allow recovery of the costs as per the Judgments of the Hon'ble Tribunal in the Appeals filed by the Petitioner
9. Allow additions / alterations / changes / modifications to the petition at a future date
10. 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
11. Allow any other relief, order or direction which the Commission deems fit to be issued
12. Condone any inadvertent omissions / errors / rounding off difference / shortcomings

3 Brief outline of Objections raised, Response from TPL-D (A) and the Commission's View

3.1 Stakeholder's suggestions / objections, Petitioner's response and the Commission's view

In response to the public notice inviting objections / suggestions from the stakeholders on the Petition filed by TPL-D (A) for Truing up of ARR for FY 2018-19 and determination of Tariff for FY 2020-21 under the GERC (MYT) Regulations, 2016, a number of Consumers / organizations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. The objections / suggestions by the consumers / consumers' organizations, the response from the Petitioner and the views of the Commission are given below:

1. Scrutiny and Admittance of the Petition

The objector has submitted that the petition filed by the Petitioner is not in compliance of the GERC (Multi-Year Tariff) Regulations, 2016 and the Electricity Act, 2003 and suggested the Commission to scrutinize the Petitions and issue a validation certificate if it is found in line with the Conduct of Business and MYT Regulations.

The objector has also submitted that the present tariff petition has not been admitted and raised other technical objections relating to the procedure adopted by the Commission. The objector has also stated that public notice is to be issued only after proper scrutiny of the documents else inviting comments from stakeholders on incomplete petition is in violation of provisions of the GERC (Conduct of Business) Regulations, MYT Regulations, and provisions of the Act.

Response of TPL-D (A)

The Petitioner has refuted the baseless allegations of the objector and submitted that it has filed the petition in line with the MYT Regulations and furnished all requisite information.

The Petitioner has also submitted that an Application under Section 64 (1) though referred to by any terminology like Petition, Case etc. is essentially an Application by a licensee or a Generating Company for determination of tariff under Section 62 of the said Act. The Applicant in any tariff petition, being a Generating Company or Licensee is entitled to file an Application under Section 64 (1) of the Act. Once such an Application is filed further procedure is laid down under Section 64 itself. No stages of ad-interim, admission, interim and final hearing are contemplated for disposal of an Application for determination of tariff being filed under Section 64 (1) of the said Act. Further, Regulation 14 of the GERC (CoB) Regulations, 2004 devolves power on the Regulatory Commission to hold hearings, deliberations etc., as it may consider appropriate in the discharge of its functions. Thus, the Electricity Regulatory Commission is vested with the power to determine the manner of holding, hearings and deliberations under Section 64 of the Act. Section 64 (3) of the Act, read with Regulation 28.5 to 28.7 and 29.1 of the GERC (MYT) Regulations, 2016 clearly stipulate that the Gujarat Electricity Regulatory Commission will consider all "suggestions and objections received from the public" in determination of Tariff. It is therefore submitted that the Parliament has deemed it fit and proper to clearly define the role of consumers in the tariff determination process. Under Section 64 (2) the entitlement is to only an abridged form of the Application of determination of Tariff (Tariff Petition). Thus, the Electricity Act, 2003 does not contemplate a contentious proceeding, involving a lis between the Petitioner, TPL of the Tariff Petition and the Public. It is submitted that tariff determination which is essentially a price fixation activity is legislative in nature and does not attract the principles of natural justice. The statutory right to prefer suggestions and objections given to the public to ensure fairness in the tariff determination process does not make the process quasi-judicial. The Objector had completely misconstrued the nature of the proceedings which are essentially, Regulatory and quasi legislative.

The Petitioner has also submitted that it has issued the public notice in line with the provisions of the MYT Regulations.

Commission's View

Determination of Tariff is a long-drawn process and in order to complete exercise in time-bound manner, it is required to initiate the process of Tariff Determination in accordance with the relevant Regulations in this regard. The petition for Determination of Tariff is registered by the office of the Commission accordingly.

Further, under Section 64 (2) the Petitioner is required to share an abridged version of the petition. During the course of analysis of submission for tariff petition, if required, the Commission seeks additional details from the Petitioners. The petition and additional information submitted by the Petitioners are also placed on the Commission's as well as Utilities websites for information of all the stakeholders.

2. Special Audit by ICAI

The objector has requested that the Commission should direct Petitioner to comply with the mandatory requirement of Accounting Statement. The objector has requested the Commission to send the Audited Accounts submitted by TPL to Institute of Chartered Accountants of India for verification whether it is in accordance with Regulation 17.3 of the GERC (MYT) Regulations, 2016 read with Section 41 and 51 of the EA 2003.

Response of TPL-D (A)

The Petitioner has prepared and maintained the accounts as per the Accounting Standards specified by the Institute of Chartered Accountants of India in accordance with the Companies Act, 2013. The segregated Financial Statements for FY 2018-19, duly certified by the Statutory Auditors' of the Company, have been made available along with the Petition. It is emphatically stated that the TPL has been filing separate financial statements for each of its business along with the petition before the Commission. It is denied that TPL has infringed any provision of the Electricity Act, 2003 or the Regulations framed thereunder.

Commission's View

The Petitioner has submitted the separate Accounts for each licenced entity, duly certified by the Statutory Auditors of the Company in accordance with the EA, 2003 and the GERC (MYT) Regulations, 2016, which have been considered by the Commission for truing up the expenses and revenue for FY 2018-19.

3. Separate Accounting Statements

The objector has stated that the Accounting Statement submitted is not an Account kept Separate as per Section 41 and 51 and Clause 17.3 of GERC (MYT) Regulations, 2016.

Response of TPL-D (A)

The Petitioner has submitted that it has prepared and maintained the accounts as per the Accounting Standards specified by the Institute of Chartered Accountants of India in accordance with the Companies Act, 2013. The segregated Financial Statements for FY 2018-19, duly certified by the Statutory Auditors' of the Company, have been made available along with the Petition. It is emphatically stated that TPL has been filing separate financial statements for each of its business along with the petition before the Commission. It is denied that TPL has infringed any provision of the Electricity Act, 2003 or the Regulations framed thereunder.

Commission's View

The Petitioner has submitted the separate Accounts for each licenced entity, duly certified by the Statutory Auditors of the Company in accordance with the EA, 2003 and the GERC (MYT) Regulations, 2016, which have been considered by the Commission for truing up the expenses and revenue for FY 2018-19.

4. Deviation in Power Procurement Sources from MYT Order and Irregularity in Energy Requirement

The objector has stated that the Petitioner has not provided any justification for deviation from the sources of power procurement in the MYT figures.

Another objector stated that there is lower procurement of power from bilateral sources vis-à-vis procurement of power from Power Exchange during FY 2018-19 and requested the Commission to look into the same and also to verify the fixed cost of SUGEN with respect to CERC tariff orders.

Another objector stated that the power procurement is not legitimate and is total violation of National Tariff Policy Clause 5.1 that all Distribution Licensee should procure their requirement of power only by competitive bidding process to bring down the cost of the power which is more than 85% of the tariff. TPL being a private entity is more efficient and is doing the business in a commercial principle, however, the efficiency in performance is not being reflected in reduction of tariff, a need has been converted into greed which is not a wisdom. In fact, TPL tariff should be 50% less than the Discoms to set a bench mark.

Further, the objector has tried to reconcile the figures of power purchase units of Ahmedabad & Surat license area and made allegations regarding the surplus power and irregularity in energy requirement.

Response of TPL-D (A)

The Petitioner has submitted that all the requisite information including variation in the MYT approved power procurement plan is already provided in the petition.

During FY 2018-19, the Petitioner had carried out competitive bidding for procurement of short-term power up to 450 MW. In turn, the Petitioner could tie up bilateral power of 50 MW for the relevant period April, 2018 to August, 2018. The same has been approved by the Commission and procured balance power through power exchange. Also, fixed cost of SUGEN is recovered in line with the Hon'ble CERC order.

The Petitioner has refuted all the allegations on irregularity in energy requirement and submitted that it has provided all the requisite details along with the formats of its petitions.

Commission's View

Power purchased by distribution licensee depends on the estimated requirement of power and it is submitted for the ensuing year depending upon licensee's own generation capacity, bilateral contracts and the remaining deficit is planned to be sourced from short term / medium term / long term markets. There can be change in the quantum and source of supply depending upon the actual tie up, availability of power during that period and market situation. Optimum balance has to be maintained so that 24x7 power supply is not affected to the consumers.

The Commission's detailed analysis of the source-wise quantum and cost of power purchase for FY 2018-19 have been elaborated in Chapter 4 of this Order. The Commission sought and obtained the necessary justification for the revised figures of source-wise quantum and price of power purchase for FY 2018-19 and has approved the figures for FY 2018-19 after due prudence check.

5. Absence of Consumer Benefit for Capital Investment

The objector has stated that the Petitioner has not mentioned any consumers benefit for high capital investment. Another objector stated that the Petitioner has incurred substantial capital expenditure and capitalization during FY 2018-19 and requested the Commission to verify the details of major schemes energized.

Other objectors stated that no cost benefit analysis is provided by TPL for the capital investment, in fact, it should be with the prior consent of the GERC and is subject to prudence check.

Response of TPL-D (A)

The Petitioner has refuted the allegations of the objector and submitted that the capital investment made for augmentation, up gradation and modernization of network have helped the Petitioner in reducing and containing the distribution losses in addition to meeting the load growth and maintaining / enhancing the system reliability.

Also, the Petitioner has submitted that it has furnished all the details regarding the actual capital expenditure incurred and capitalization carried out during FY 2018-19 in its petition.

Commission's View

The Commission has approved the capital expenditure after due prudence check and based on the cost-benefit analysis of the capital expenditure schemes proposed by the Petitioner. The Commission ensures that only those capital expenditure schemes which benefits the consumers either in terms of quantity or quality / reliability of supply, are approved.

6. Additional Slab in Tariff of Residential Consumer

The objector has submitted that it has been demanding additional slab of above 400 units for residential consumers of Gujarat due to prevailing high standard of living in major cities of Gujarat. Due to basic necessities of electricity a middle-class consumer has an average consumption of 200/300 units per month. But high society consumers staying in posh bungalows with five air conditioners and other gadgets also pay the same tariff, which is highly unjustified. Mumbai and Delhi have slabs above 1000 units/month for residential consumers as Tariff Policy also mandates that tariff should be based on the paying capacity of the consumers. The objector has suggested following changes in tariff slabs of residential category:

Slab No.	Present Slabs – Ahmedabad		Present Slabs – Surat		Proposed Slabs	
	Units / Month	Rs./ Unit	Units / Month	Rs./ Unit	Units / Month	Rs./ Unit
1	0-50	3.20	0-50	3.20	0-50	3.20
2	51-200	3.90	51-100	3.65	51-200	3.90
3	201 - Above	4.90	101-250	4.25	201-350	4.80*
4	-	-	Above 250	5.05	Above 350	5.40*

* Imaginary figures

The objector has stated that it is requested to implement uniform tariff for government and private Discoms.

Response of TPL-D (A)

The Petitioner has submitted that it has proposed the tariff structure based on certain widely recognized best practices in accordance with the legal framework. Some of the key factors considered by the Petitioner for tariff design are consumers' capacity to pay, adhering to the band of cross subsidy prescribed by Tariff Policy, incentivizing energy conservation through telescopic tariff and promotion of efficient use of electricity. However, the Commission may take appropriate view this regard since the Petitioner, as distribution licensee is revenue neutral.

Commission's View

Rationalisation of Tariff Structure calls for reduction in number of categories and slabs. At present three energy slabs are prescribed for the residential consumers of Ahmedabad and Gandhinagar area and the Commission does not find merit in increasing the number of consumption slabs for the residential category.

7. Rationalisation of Fixed Charges

The objector has referred to the rationalization of tariff proposed by the Petitioner and welcomed the initiative to marginally increase the fixed/demand charges including introduction of load based fixed charges for consumers having connected load above 15 kW. However, the objector has suggested the Commission to specify separately the fixed /demand charges for consumers installing the solar rooftop plants.

Response of TPL-D (A)

The Petitioner has submitted that ideally the fixed cost of the licensee should be recovered through the fixed charges. However, as per existing tariff design, majority of the fixed cost is being recovered through energy charges. Consumers installing solar rooftop are paying energy charges applicable on net consumption only. This results in cross-subsidization of consumers with higher paying capacity by consumers having lower paying capacity. This is against the intent of the Act and Regulations. The Petitioner has requested the Commission to take appropriate view in this regard.

Commission's View

There are different views and opinion amongst consumers / consumer groups. The Commission in past have also received representations to reduce or remove the fixed charges. As such there is a need to gradually increase the recovery of fixed charges from the fixed cost component of tariff and the Commission shall take the appropriate view. The issue regarding fixed charges has been dealt with in Chapter 9 of this Order, along with the tariff philosophy adopted by the Commission while determining tariff for FY 2020-21.

8. Recovery of past gaps and carrying cost

The objector has referred to the past under recoveries and associated carrying cost and has suggested not to accumulate such under recoveries as same attracts the carrying cost as per the Judgments of the Hon'ble APTEL.

Another objector referred to the amount of Rs. 164.20 Crore claimed as carrying cost and contended that same should not be allowed as it is sub-judice.

Response of TPL-D (A)

Carrying cost for unrecovered gap is the legitimate claim of the Petitioner to recoup the financial losses incurred due to deferment in recovery of gap. The recovery of carrying cost is the settled position of law. All stakeholders are bound by the decisions of the hierarchy of adjudicating forums in this regard.

The Petitioner has submitted that it has computed the carrying cost in line with the provisions of the MYT Regulations and applicable APTEL judgments.

Commission's View

While determining retail tariff for the consumers, the Commission considers the approved gap as well as consumers' interest and tries to avoid tariff shocks. Carrying cost is considered in accordance with the GERC (MYT) Regulations, 2016 and it is dealt accordingly in subsequent chapters as approved by the Hon'ble APTEL.

9. Electricity Duty applicable to Power Sector

The objector has suggested that the Commission should direct the Government to reduce ED by 5 % or charge on actual consumption in units per month. It is to be noted that ED is highest in Gujarat compared to other States of India and therefore needs rationalization.

Response of TPL-D (A)

The duty and taxes applicable to Power Sector are within the purview of the Government.

Commission's View

The levy of Electricity Duty is not within the Commission's jurisdiction.

10. Tariff Hikes and Proposed Regulatory Charge

The objector has objected to the Petitioner's proposal of increase in Energy charge by Rs. 0.15 per unit and fixed charge by Rs. 0.06 per unit which is totally by misrepresentations of accounts and stated that the cost of power supply is higher than the GUVNL / Discoms.

Another objector referred to the rationalization of tariff proposed by the Petitioner by way of increase of fixed charges and contended that there is no consequent reduction in energy charges.

Another objector has referred to the current economic scenario and suggested the Commission to spread the Regulatory Charge over 3 years, at least. Further, it has also requested the Commission to discontinue the same as soon as the gap is recovered.

Response of TPL-D (A)

The Petitioner has submitted that it has arrived at the cumulative gap in accordance with the provisions of the MYT Regulations framed under the provisions of the EA, 2003 and has submitted the tariff proposal to recover the gap.

The Petitioner has submitted that ideally the entire fixed cost should be recovered through the fixed charges. However, currently majority of the fixed cost is being recovered through energy charges. Hence, the Petitioner has proposed to rationalize the fixed charges by marginally increasing the fixed charges/demand charges while proposing tariff revision of Rs. 0.21 per unit during FY 2020-21 to recover part of the cumulative gap.

The Petitioner has also submitted that it has proposed Regulatory Charge at the rate of Rs. 0.35 per unit w.e.f. 1st April, 2020, for recovery of the balance cumulative gap over a period of two years. The Petitioner has submitted that deferment in recovery of gap attracts carrying cost which also burdens the consumers.

Commission's View

There are different views and opinion amongst consumers / consumer groups. The Commission in past have also received representations to reduce or remove the fixed charges. As such there is a need to gradually increase the recovery of fixed charges from the fixed cost component of tariff and the Commission shall take the appropriate view. The Commission, looking to the requirement and quantum of regulatory gap, decides on tariff increase so that consumers aren't burdened at a time. As regards the tariff structure to be adopted, it is dealt with in Chapter 9 of this order, along with the tariff philosophy adopted by the Commission while determining tariff for FY 2020-21.

11. Voltage-wise Cost of Supply

The objector submitted that TPL has not submitted the voltage-wise cost of supply (VCoS) in the Tariff Petitions.

Response of TPL-D (A)

The Petitioner has submitted that it has provided the necessary details in line with the provisions of the MYT Regulations and the forms prescribed thereunder. The average cost of supply for HT and LT tariff categories has been provided in the format provided in the petition.

Commission's View

It is noted that the Petitioner has not submitted the voltage-wise cost of supply. Necessary directions to the Petitioner in this regard would be issued.

12. Certificate of Income Tax paid not provided

The objector has alleged that the Income tax claimed by the Petitioner is not supported by certificate of Income Tax paid and same is also not shown in the Audited Accounts.

Response of TPL-D (A)

The Petitioner has submitted that it files the supporting documents of income tax paid and the claim of the Petitioner is to be considered and allowed in accordance with the provisions of the MYT Regulations.

Commission's View

Income Tax, being a statutory levy, has to be paid by the Petitioner as per relevant Rules and Regulations of Government of India and the same is accounted for in the books of accounts. The Commission has verified the documentary evidence submitted by Petitioner. The Commission has allowed the Income Tax in accordance with the GERC (MYT) Regulations, 2016.

13. O&M Expenses

The objector has stated that the Petitioner is engaging contractors for its day to day work and is showing it as regular employees in the O&M. The objector has requested the Commission to call for the details of contractors and their payments.

Another objector has referred to the increase in O&M expenses due to amendment of the Gratuity Act, 1872 and requested the Commission to verify the same.

Response of TPL-D (A)

The Petitioner has refuted all the baseless allegations of the objector. The Petitioner submitted that it accounts for all the expenditure in accordance with the applicable accounting standards and claims the O&M expenses in line with the provisions of the MYT Regulations.

The Petitioner has submitted that there has been an increase in Employee Cost owing to change in law resulting in variation in the employee expenses. The Government of India issued a Notification dated 29th March, 2018, amending the Payment of Gratuity Act, 1972, inter alia increasing ceiling of gratuity to Rs. 20 Lakh from Rs. 10 Lakh. Prior to the amendment of the Payment of Gratuity Act, 1972 vide the Notification dated 29th March, 2018; the upper ceiling on gratuity amount payable under the Act was Rs. 10 Lakh. Pursuant to the amendment, the ceiling has been raised to Rs. 20 Lakh. Thus, the employee cost has increased due to the amendment in the Payment of Gratuity Act, 1972. The Petitioner has therefore submitted that the said notification is a change in law in terms of Regulations 2(15) of the GERC (MYT) Regulations, 2016 and has resulted in increase in Employee Cost by Rs. 2.50 Crore for FY 2018-19.

Commission's View

The employee recruitment, engagement and payments are governed by different set of Central and State Government Acts and Rules prevailing from time to time. The outsourcing of certain activities by the Distribution Licensee is a standard and accepted practice across the country. The cost of outsourcing is booked under A&G expenses, while the cost of regular employees is booked under employee expenses. The Commission allows O&M expenses on normative basis in accordance with the GERC (MYT) Regulations, 2016, and 1/3rd of the variation between actual and normative expenses is passed through to the consumers as share of efficiency gain/loss, in accordance with the GERC (MYT) Regulations, 2016.

The analysis of the employee cost and corresponding approval of the same has been discussed in Chapter 4, Section 4.7.1 of this order.

14. Non-distribution of security amount to the generating facilities

The objector has said that the security deposit amount is being collected in advance by the Petitioner from its retail consumers and contended that the same is not being distributed to the supplier's i.e. Generating facilities which is not a fair business practice.

Response of TPL-D (A)

The Petitioner has strongly refuted the allegations made by the objector and submitted that the security deposit amount is being collected from its retail consumers as per the provisions of the GERC (Security Deposit) Regulations, 2005. Further, the same is being accounted in the ARR of the Distribution business, in line with the provisions of the MYT Regulations. Therefore, the contention of the objector is not in consonance with the provisions of the applicable GERC Regulations.

Commission's View

The treatment of security deposit and amount collected for capital expenditure from the consumers is treated in accordance with relevant Regulations and accounting principles and also as per the GERC (MYT) Regulations, 2016.

15. Misuse of Provisions of Section 126 of Electricity Act, 2003

The objector has stated that the Petitioner is misusing the provisions of 126 and imposing hefty fine for additional load and hence suggested to introduce LTMD category to all consumers above 6 kW load.

Response of TPL-D (A)

The Petitioner strongly denies the accusations regarding harassment. The Petitioner has submitted that demand-based categorization for 15 kW and above load, is being done for valid and verified reasons. The Petitioner has submitted that its tariff structure gives option to NRGP Category consumers (having connected load less than 15 kW) to opt for demand-based tariff. Regarding giving option of contract demand-based tariff for RGP Category, the Petitioner has submitted that demand-based tariff was implemented for Residential consumers in past. However, the same was withdrawn based on representations received from the consumers.

Commission's View

The misuse of provisions of Section 126 of Electricity Act, 2003 does not fall within the purview of the present regulatory process.

Regarding tariff categorisation, the same has been dealt in above paras along with in Chapter 9 of this order.

16. Reduction in Demand Charges having demand up to 10 kW

The objector has suggested to reduce the Demand Charges for consumers having demand up to 10 kW on the ground of alleged harassment to the consumers for addition of load without extension.

Response of TPL-D (A)

The Petitioner has submitted that as per the provisions of the GERC (Supply Code) Regulations 2015, the consumer is required to approach the licensee for regularization of load as unauthorized extension of load could lead to compromise of the safety in addition to quality and reliability of network. Therefore, it is necessary to regularize any load extension. Further, provision like Section 126 of the Act, is a distinct provision in the Act enacted by the Parliament and therefore, cannot be used to contend support for Tariff categorization.

Commission's View

The categorisation of tariff and applicable tariff is elaborated in the Tariff Schedule section.

17. Non-submission of Cost Records

The objector has stated that no cost records have been submitted along-with the petition.

Response of TPL-D (A)

The Petitioner has submitted that it has furnished all the details of cost data as part of the petition. Further, the Petitioner has submitted that it prepares and maintains the accounts as per the Accounting Standards specified in accordance with the Companies Act, 2013. The segregated Financial Statements for the FY 2018-19, duly certified by the Statutory Auditors' of the Company, have been made available along with the Petition.

Commission's View

The Petitioner has submitted the separate Accounts for each licenced entity, duly certified by the Statutory Auditors of the Company in accordance with the EA, 2003 and the GERC (MYT) Regulations, 2016, which have been considered by the Commission for truing up the expenses and revenue for FY 2018-19.

Further, all relevant details for validation of expense and revenue heads were sought by the Commission while carrying out true-up of ARR for FY 2018-19. The same have been detailed in Chapter 4 of this order.

18. Reconciliation of Power Purchase Units

The objector has tried to reconcile the figures of power purchase units of Ahmedabad and Surat license area and made allegations regarding the surplus power.

Response of TPL-D (A)

The Petitioner refuted all the allegations and submitted that it has provided all the requisite details in the formats of its petitions.

Commission's View

The Commission's detailed analysis of the source-wise quantum and cost of power purchase for FY 2018-19 has been elaborated in Chapter 4 of this Order.

19. Reconciliation of Power Purchase Cost

The objector has compared the power purchase cost claimed in petition with the power purchase cost shown in the Audited Accounts and questioned the difference in the figures.

Response of TPL-D (A)

The Petitioner has submitted that the difference in cost of power purchase shown in audited accounts and claimed in the petition is on account of trued up ARR of TPL-G (APP) for FY 2018-19.

Commission's View

The Commission has noted the difference in the figures of power purchase cost shown in the Petition and that claimed in the Audited Accounts. The Commission sought additional details from the Petitioner. The Petitioner vide additional details dated 22nd January, 2020 submitted the reconciliation of the power purchase cost with that of the audited accounts. The same is due to the difference in trued up ARR of TPL-G (APP) for FY 2018-19. The power purchase cost has been allowed after due prudence check as elaborated in Chapter 4 of this order.

20. Non-Tariff Income

The objector has alleged manipulation in the non-tariff income for FY 2018-19.

Response of TPL-D (A)

The Petitioner has strongly refuted the allegations and submitted that it has provided the requisite details in the petitions.

Commission's View

The non-tariff income as claimed by the Petitioner is treated as per GERC (MYT) Regulations, 2016 after due prudence check, in accordance with the audited accounts submitted by the Petitioner for FY 2018-19. The same has been discussed in Section 4.7.11 of this order.

21. True-up of FPPPA

The objector has alleged that the Petitioner has not provided the true-up of FPPPA.

Response of TPL-D (A)

The Petitioner has refuted the allegation of the objector and submitted that FPPPA is a mechanism for recovery of variation in fuel price and power purchase cost. The recovery from FPPPA is part of the Revenue of FY 2018-19 and details of the same are provided in the petitions.

Commission's View

FPPPA is a part of the tariff, and the same is levied in accordance with the FPPPA formula approved by the Commission. It is clarified that the Commission verifies the FPPPA computations on a quarterly basis after exercising due prudence checks and validates the fuel and power purchase cost incurred during the quarter and accordingly FPPPA is approved. The same has accordingly been considered by the Commission in the true-up of ARR for FY 2018-19.

22. Mismatch in Revenue from Sale of Power claimed and shown in Accounts

The objector has compared the revenue from sale of power claimed in petition with the revenue from contract with customers shown in Audited Accounts and questioned the difference in figures.

Response of TPL-D (A)

The Petitioner has submitted that the revenue considered in the petition excludes the amount of Rs. 263.36 Crore for Ahmedabad License Area and Rs. 43.26 Crore for Surat License Area considered on accrual basis in Revenue from sale of Electricity as shown in the Audited Accounts.

Commission's View

The Commission has noted the submission of the objector. The same has been allowed as per prevailing Accounting Standards and is discussed in Section 4.7.12 of this Order.

23. BPL slab should be of 100 units

The objector has referred to the slab of 30 units per month for BPL category consumers and suggested that it should be 100 units per month.

Response of TPL-D (A)

BPL category tariff is applicable to only those consumers who are categorized as BPL by the concerned authority by issuing BPL card. The applicability of concessional tariff for consumption of 30 units per month is in accordance with the provisions of the Tariff Policy issued by the Central Government. The balance units are charged at the regular rate applicable to residential consumers as per the Tariff Schedule. The objective is to supply electricity up to specified level to such consumers at concessional tariff in line with the provisions of the Tariff Policy.

Commission's View

It is a policy decision and a benefit provided to BPL category consumers as laid down in accordance with the policy issued by Central / State Governments and hence at present it is minimum 30 units. However, the Commission shall take appropriate view and shall be reflected in the Tariff Schedule.

24. Reconciliation of Power Purchase Cost of AMGEN

The objector has referred to the difference in the trued up ARR of TPL-G (APP) and power purchase cost of TPL-G (APP) considered in the truing up petition of TPL-D (A) and sought reconciliation.

Response of TPL-D (A)

The Petitioner has submitted that the trued-up ARR of TPL-G (APP) for FY 2018-19 is corresponding to actual generation whereas the power purchase cost considered for TPL-D (A) is corresponding to the scheduled generation in line with the provisions of the Regulations.

Commission's View

The same has been appropriately considered by the Commission in the section on power purchase cost approved by the Commission.

25. Status of Compliance of RPO

The objector has requested the Commission to verify the status of RPO compliance of the Petitioner.

Response of TPL-D (A)

The Petitioner has submitted that it has approached the Commission seeking revision of minimum quantum of purchase (in %) from renewable energy sources for FY 2018-19 in accordance with the RPO Regulations. The matter is sub-judice. Regarding procurement of renewable power through competitive bidding, the

Petitioner has submitted that the Commission directed TPL to procure RE power through competitive bidding and accordingly, TPL will tie up shortfall in RE power through bidding process.

Commission's View

The Commission verifies the power purchase from different sources including renewables as per the submitted plan and the Commission's Orders in this regard. The present regulatory process is being undertaken on the Petition filed by TPL for true-up of the ARR for FY 2018-19 and determination of tariff for FY 2020-21, in accordance with the GERC (MYT) Regulations, 2016.

26. Higher Minimum Charges

The objectors have stated that the minimum per kW charges of TPL is almost double as compared to other DISCOMs of the State. At present all the DISCOMs in the State are providing good quality supply to consumers and thus such high charges of TPL is discriminatory. Such high charges result in higher manufacturing cost for the consumers using TPL supply as compared to consumers of other DISCOMs. Due to heavy competition in the market, it becomes difficult for consumers of TPL to stay in market and are forced to close their units / industry. Thus, the charges of TPL should be in line with other DISCOMs. Due to recent economic slowdown, there should not be any tariff hike.

Response of TPL-D (A)

The Petitioner has submitted that such comparison in isolation is incorrect. Further, as per Two Part Tariff philosophy, ideally fixed / demand charges should be reflective of fixed cost whereas variable charges should be reflective of variable cost. Even existing fixed charges / demand charges are not reflective of actual fixed cost and therefore, there is a need to rationalize the same.

The Petitioner has also submitted that it has filed the present petition for approval of tariff in line with the provisions of the Act, National Tariff Policy and GERC Regulations. The cumulative gap is arising mainly on account of past years' under-recovery. Any delay or deferment in recovery of cumulative gap will result in carrying cost which will in turn burden the consumers. It may kindly be noted that the Petitioner's tariff was last increased in FY 2015-16 despite the overall inflationary pressures. The approval of tariff revision and regulatory charge is essential so as to liquidate under recoveries.

Commission's View

The tariff categorisation and applicable tariff is elaborated in the Tariff Schedule section.

27. Revenue Gap for FY 2020-21

The objector submitted that the Petitioner has submitted details of Revenue Gap for 2020-21 and demanded increase in tariff for all the three DISCOMs along with Additional Charge of 35 paise/unit for Ahmedabad and 30 paise/unit for Dahej. The Respondent strongly objects to any additional surcharge apart from tariff and FPPPA charges. The Commission had approved such surcharge previously for limited period. The Commission is requested to make sure that such charges are discontinued after recovery of past gaps.

The Respondent has objected to such under recovery of Petitioner which demands Carrying Cost and has requested the Commission during last year's hearing to clear such past dues which incur interest and put unwarranted burden on consumers. The Respondent once again requested the Commission to clear all past dues of Petitioner which involves Carrying Cost and puts burden on the consumers.

The objector has requested the Commission to consider above points while determining tariff for FY 2020-21 so that no accumulated dues remain pending which will put additional burden on consumers in the form of Carrying Cost. It is most important that no pending dues should be carried forward to further increase burden on consumers.

Response of TPL-D (A)

The Petitioner has submitted that the carrying cost for unrecovered gap is the legitimate claim of the Petitioner to recoup the financial loss incurred due to deferment in recovery of gap. The recovery of carrying cost is the settled position of law. All the stakeholders are bound by the decisions of the hierarchy of adjudicating forums in this regard.

Commission's View

The Commission's detailed head-wise analysis of true-up of expenses and revenue for FY 2018-19 and cumulative revenue gap/(surplus) for FY 2020-21 has been elaborated in Chapter 4 and Chapter 5 of this Order.

As regards the suggestion that the Additional Charge should be levied for limited period, the same has been dealt with in Chapter 9 of this Order, while elaborating the tariff philosophy adopted by the Commission while determining tariff for FY 2020-21.

28. Special Tariff for Defence Establishments

The objector has referred to the Commission's Order No. GERC/TECH/2019/0799 wherein the Commission has upheld its Order dated 07.02.2007. The objector has prayed that all defence establishment in Gujarat may be covered under special tariff similar to order dated 25.06.2004 i.e. order passed by this Commission in respect of GUVNL / DISCOMs.

Response of TPL-D (A)

The Petitioner has submitted that Section 62 of the Act provides that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Accordingly, Military Engineering Services (MES) has been covered under HTMD-1 category as per tariff orders passed by this Commission for all past periods.

In this background, the Petitioner has continued with existing tariff structure which has been evolved over a period based on certain widely recognized best practices and in accordance with the legal framework. Hence, the Petitioner has suggested that there is no requirement of any change. However, the Commission may take appropriate view in this regard.

The Petitioner has submitted that the Commission vide its Order dated 7th February, 2007 has referred to the relaxation in tariff granted to MES in Petition No. 292 of 2003 under HT-II (B) category. However, subsequently, the Commission vide its order in Petition No. 992 of 2010 for Uttar Gujarat Vij Company Limited has observed that in respect to HT categories there is a lot of ambiguity with respect to applicability of tariff to certain category of consumers. Also, there are several cases in courts. The Commission felt that huge amount of money and valuable time is wasted in fighting the cases in courts by consumers as well as the utility.

Therefore, it carried out rationalization by doing away with such ambiguity and tried to bring clarity in applicability of HT tariff and merged some existing HT categories in HTP-I category. Therefore, the Commission had followed the due procedure of law and after application of mind decided to merge the HT categories including HT-II (B). This order has attained finality. Further, there seems to be an inadvertent understanding on the part of the objector that a special tariff was created for defence establishment. The Petitioner has requested the Commission to refer to and rely upon the said orders in respect of various distribution licensees for their true meaning and effect.

The objector has also referred to the extract of the decision of the West Bengal Electricity Regulatory Commission. However, it is pointed out that every ERC in a State, determines tariff for that particular State, on the basis of the tariff determination process and principles as enshrined in PART-VII of the Electricity Act, 2003.

Commission's View

The Commission has noted the submission of the Petitioner. The Commission is of the view that it is time to reduce the number of categories over a period of time, which is also suggested in the Draft Amendment to the Tariff Policy, 2016 of Ministry of Power, Government of India, issued in 2018. If the suggestion of the objector is considered than it will increase the tariff of other category of consumers since the revenue has to be obtained across all the category of consumers. The suggestion of the objector to create a special tariff for defence establishments cannot be considered now and the Commission has already given a decision in this regard vide its earlier orders and continues with the same.

29. Separate Tariff Category for Airports

The objector has primarily contended that the State Commission has wrongly placed all airports controlled and managed by Airports Authority of India Limited (AAI) under commercial category as the AAI provides an essential service under the Essential Services Act, 1968 and is a public utility service provider which operates airports and provides requisite aviation infrastructure and aeronautical and non-aeronautical services.

The objector has contended that under Section 62(3) of the Act, due preference can be given with rationale or reason. The State Commission can differentiate between the tariffs inter alia on purpose for which the supply is required. Further, the real meaning of expression “purpose for which supply is required” in Section 62(3) does not merely relate to nature of activity carried out by the consumer, rather it has to be determined from objects sought to be achieved through such activity. In case of AAI, object for which electricity is required is to perform the essential services. It is a settled law that equality before the law does not mean that things which are different shall be treated as they were the same. Also, the distribution licensee cannot create a residuary category. The distribution licensee has failed to take into consideration the intelligible differentia factor i.e. the purpose for which supply is required for categorizing services similar to that of AAI. The objector has also placed reliance on several Hon’ble APTEL and Supreme Court Judgments to support its contentions.

In the above background, the objector has prayed that it may not be subject to tariff applicable to a commercial consumer and may be placed in a separate category of its own with a concessional rate in respect of fixed charges and energy charges.

Response of TPL-D (A)

The Petitioner pointed out that the present proceedings are in the nature of tariff determination which is essentially a legislative function. The entire proceeding is a regulatory proceeding wherein the Commission exercises regulatory powers. The hearings of suggestions and objections under Section 64 (3) of the Electricity Act, 2003 (hereinafter referred to as “the said Act” for the sake of brevity) does not result in the nature of the proceedings being altered to a lis or contentious proceeding, necessitating an adjudication of “dispute”. The objections filed including invocation of Order IV Rule 17 for amendment of pleadings are therefore, not in the fitness of the proceeding itself. Thus, the Petitioner has submitted that the Commission is exercising a regulatory jurisdiction while undertaking tariff determination.

The Petitioner has submitted that considering current setup of Aviation industry, AAI ought to refrain from suggesting any change in tariff since Airports are now being privatized and operated on commercial principles. Under the present setup, private party is awarded the operations of the Airport based on the fees per passenger to the AAI. While doing so, the party submitting bid is required to ensure expenses and revenue streams. In other words, there is no benefit either to AAI or the end consumers but only to such private party who submits the bid only for commercial gain. Under the circumstances, the Petitioner has submitted that it is unable to understand the interest of AAI / rationale behind such proposal under the garb of essential services or Public Utility Services.

It is understood that the privatization of various Airports including the Ahmedabad Airport has been duly approved by the Authority. Under this privatization, the bidders would offer revenue per passenger to the objector, AAI. It is submitted that AAI has entered into Concessionaire Agreement with various operators for maintaining and operating the Airport. In this regard, the provisions of Airports Economic Regulatory Authority of India Act, 2008 as amended have to be taken into consideration. It is pertinent to note that the tariff structure and development fees are not determined by AERA when they are a part of the bid document on the basis of which the airport operations were awarded.

Ahmedabad Airport falls within the area of supply of TPL and therefore, these facts clearly point out to the commercial nature of the transaction. It has been held in catena of judgements of the Hon’ble Supreme Court that award of contract, whether it is by a public body or by a private body or by the state, is essentially a commercial transaction. Therefore, the public purpose referred to by the objector, AAI has to be seen in light of the commercial transaction with which the Ahmedabad Airport is being presently modernized and developed by the bidder.

As regards the contention that the AAI is a public utility and provides essential service, it is seen that AAI is relying on the provisions of the Essential Services Act, 1968. However, such reliance is impermissible for interpreting the provisions of another enactment namely, Electricity Act, 2003. It is a settled position of law that the definition of an expression in a particular statute cannot be used or borrowed to find out the meaning of the same expression in other statute or statutory instrument. As an illustration of this it is pointed out that as per Industrial Disputes Act, 1947 Public Utility Service is differently defined as under:

"(i) any railway service or any transport service for the carriage of passengers or goods by air
(ia) any service in, or in connection with the working of, any major port or dock
(ii) any section of an industrial establishment, on the working of which the safety of the establishment or the workmen employed therein depends
(iii) any postal, telegraph or telephone service
(iv) any industry which supplies power, light or water to the public
(v) any system of public conservancy or sanitation
(vi) any industry specified in the First Schedule which the appropriate Government may, if satisfied that public emergency or public interest so requires, by notification in the Official Gazette, declare to be a public utility service for the purposes of this Act, for such period as may be specified in the notification:
…..”

As evident from above, the list of Public Utility Service also includes variety of services including telephone service which is considered under Commercial category. Not only this, there is a long list of Public Utility Services provided under First Schedule of the said Act which will have to be considered differently going by the logic given by AAI. There is no mandate in the Electricity Act, 2003 or the Essential Services Act, 1968 to consider concessional tariff to any entity providing Essential Services.

Further AAI has contended that essential service as one of the purposes. In this regard it is denied that Essential Services in itself is a purpose. Any service is termed as Essential Service in case it affects safety or the maintenance of supplies and services necessary for the life of the community or would result in the infliction of grave hardship on the community. Such services may be operated on socialized principle or commercial principle or both. To illustrate few, telephone, hospitals etc. are also operated on commercial principle. These services are also not eligible for any concessions in tariff on the grounds of being essential services.

It is further submitted that Airports being used for travel / transportation are very insignificant (less than 2%) of travel/ transportation by Railways/ Road that too mostly elite class having adequate paying capacity. Further, unlike railways, recovery from consumers travelling by air is completely on commercial basis based on demand / supply scenario.

Also, the airport operator also recovers substantial rent from various private establishments purely on the basis of commercial considerations which inter alia includes expenses on account of electricity charges as well in line with the provisions of the Airport Authority of India Act 1994. Further, they provide other value-added services like internet etc. on directly/ indirectly chargeable basis. At Ahmedabad Airport various facilities like a private lounge, various shops and establishments are operating commercially in the terminal for which Airport Developer receives commercial consideration.

Hence, it is beyond any doubt that Airport are operated completely on commercial principles unlike some Public Utility Services and therefore correctly categorized under the Commercial Tariff.

Further, the AAI has also installed large scale solar rooftop in its premises in Ahmedabad and is already taking the benefit of paying lower energy charges which inter alia includes portion of fixed cost. This under recovery of cost is being passed on to the other retail consumers of the licensee and amounts to cross subsidization. Solar energy being infirm in nature, it creates disturbances in the system. Further, any surplus energy generated from such solar rooftop is required to be purchased by the licensee and AAI is getting compensated.

Commission's View

The Commission has noted the submission of the Petitioner. The Commission is of the view that it is time to reduce the number of categories over a period of time, which is also suggested in the Draft Amendment to the Tariff Policy, 2016 of Ministry of Power, Government of India, issued in 2018. If the suggestion of the objector is considered than it will increase the tariff of other category of consumers since the revenue has to be obtained across all the category of consumers. The suggestion of the objector to create a special tariff for airports cannot be considered now.

30. Rebate in Tariffs for Sports Projects

The objector has made detailed submission to make a case for reducing the tariff and to make provision for giving rebate in tariff for projects which are helping and promoting the sports activities in the State.

Response of TPL-D (A)

The Petitioner has submitted that Section 62 of the Act provides that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required. Based on the above and the existing well-established tariff design principles, the Petitioner has submitted its tariff proposal. Hence, the Petitioner has submitted that there is no requirement of any change.

It may also kindly be noted that the aforementioned project is awarded on the public-private partnership mode. The Gujarat Infrastructure Development Act, 1999 envisages subsidy in the form of assistance by State Government, Government agency or specified Government agency not exceeding fifteen per cent of the cost of the project. Accordingly, the Petitioner has submitted that the project may have received the above referred support from the State as envisaged in the Act. Further, the investors have invested in the project based on their commercial considerations. Therefore, the consumers of the Petitioner cannot be made to bear the burden of commercial decisions taken by these investors at appropriate time. The objector also undertakes various activities which include leisure, wellness, entertainment and lifestyle.

Regarding the reference given to Corporate Social Responsibility, it is submitted that CSR is a mandatory provision under Section 135 of the Companies Act, 2013 and burden of the same cannot be transferred to the consumers of the Petitioner.

Commission's View

The Commission has noted the submission of the Petitioner. The Commission is of the view that it is time to reduce the number of categories over a period of time, which is also suggested in the Draft Amendment to the Tariff Policy, 2016 of Ministry of Power, Government of India, issued in 2018. If the suggestion of the objector is considered than it will increase the tariff of other category of consumers since the revenue has to be obtained across all the category of consumers. The suggestion of the objector to create a special tariff for sports establishments cannot be considered now.

4 Truing up for FY 2018-19

4.1 Introduction

This Chapter deals with the truing up of FY 2018-19. The Commission has studied and analysed each component of the ARR for FY 2018-19 in the following paragraphs.

4.2 Energy Sales to the Consumers

Petitioner's Submission:

TPL has submitted category-wise actual energy sales for Ahmedabad area for FY 2018-19 along with the sales approved by the Commission in the MYT Order dated 9th June, 2017, as given in the Table below.

Table 4.1: Energy Sales for FY 2018-19 for TPL-D (A) area

(MU)

Category	Approved in the MYT Order	Actual Claimed
RGP	2,994.41	2,821.25
NRGP	989.64	998.05
LTMD	1,851.22	1,773.70
HT	1,896.16	2,154.95
Others	97.26	74.35
DoE units	0.00	12.97
Total	**7,828.69**	**7,835.27**

The actual sales is 7,835.27 MU for Ahmedabad area for FY 2018-19 as against 7,828.69 MU approved in the MYT Order.

The actual sales in FY 2018-19 is higher than that approved in MYT order due to lower quantum of Open Access which has offset the reduction in sales due to slowdown in industry and lower temperature. Further, the installed capacity of solar rooftop has reached to about 45 MW and is on an increasing trend, which also has an impact on sales. Based on above, the major reasons for deviation in category-wise sales are enumerated hereunder:

a) The actuals sales for RGP category showed a normal growth of 5.67% over FY 2017-18. However, the sales were lower than the MYT approved sales due to relatively lesser ambient temperature, increasing awareness about conservation and usage of energy efficient devices amongst residential consumers, and installation of solar rooftop.

b) The actual sales for Non-RGP category are marginally higher than MYT approved sales pertaining to commercial category, whereas for LTMD category, there is a reduction in sales due to slowdown of industries.

c) In HT category, the consumption is mainly attributed to industries and commercial establishments and water works and pumping stations run by the local authority as well as temporary services. During FY 2018-19, the total sales in HTMD category were higher than approved mainly due to reduction in purchase of power through open access.

d) The actual sales for the Others category were lower than approved mainly due to lower consumption in street light owing to usage of LED lamps.

The GERC (MYT) Regulations, 2016 specifies that the variation in quantities of electricity supplied to the consumers is attributed as an uncontrollable factor. Therefore, the Petitioner has requested the Commission for the truing up of actual sales as shown in the table above.

Commission's Analysis

The actual sales in FY 2018-19 was 7835.27 MUs as against 7828.69 MUs approved in the MYT Order dated 9th June, 2017 i.e. higher by 6.58 MU. The sales as submitted by the Petitioner have been verified, compared and confirmed with the sale of energy furnished in the monthly return under Form A specified in Rule 6(1) (A) filed by TPL-D (A) with the Chief Electrical Inspector and Collector of Electricity Duty vide additional details submitted on 22nd January, 2020.

The Commission approves the energy sales as mentioned in Table 4.1 for TPL-D (A) totalling to 7835.27 MUs for truing up of FY 2018-19.

The Commission approves the energy sales as mentioned in Table 4.1 for TPL-D (A) totalling to 7835.27 MUs for truing up for FY 2018-19.

4.3 Distribution Losses

Petitioner's Submission

TPL-D (A) has submitted that the distribution loss for Ahmedabad and Gandhinagar distribution license area was 6.85% as per MYT Order dated 9th June, 2017 whereas the actual distribution loss is 5.61% for FY 2018-19 as given in the Table below. TPL-D (A) has submitted that it has been making consistent efforts to contain the distribution losses. Consequently, it has outperformed the distribution losses approved by the Commission and submitted that the deviation from the approved value is to be considered controllable as shown in the Table below:

Table 4.2: Distribution Losses for FY 2018-19 as submitted by TPL-D (A)

Particulars	Approved in the MYT Order	Actual Claimed
Distribution Loss	6.85%	5.61%

Commission's Analysis

The reduction in distribution losses in the licensed area has taken place due to upgrading / uprating of the distribution network, augmentation of the old assets, etc. Substantial capitalisation of assets amounting to Rs. 645.76 Crore has been done by TPL-D (A) during FY 2018-19, which has resulted in reduction in transformation losses as well as line losses and ultimately overall Distribution Losses. The Commission accepts TPL-D (A)'s submission and approves the actual Distribution Losses of 5.61% for FY 2018-19.

The Commission also accepts TPL-D (A)'s submission to treat the deviation in the distribution loss as controllable factor and share the gain accordingly.

4.4 Energy Requirement

Petitioner's Submission

The Petitioner has submitted the actual energy requirement for Ahmedabad & Gandhinagar Supply area is based on the (i) actual energy sales, (ii) transmission loss and (iii) distribution loss for FY 2018-19 as given in the Table below:

Table 4.3: Energy Requirement for FY 2018-19 for TPL-D (A)

Particulars	Approved in the MYT Order	Actual Claimed
Energy Sales (MUs)	7,829.69	7,835.27
Distribution Loss (%)	6.85%	5.61%
Distribution Loss (MUs)	575.70	465.84
Energy input at distribution level	8,404.39	8,301.10
Transmission Loss (MUs)	59.25	39.20
Energy Requirement (MUs)	**8,463.64**	**8,340.30**

The Petitioner submitted that the total energy requirement was met through various sources as discussed in the subsequent section.

Commission's Analysis

The actual energy requirement submitted by the Petitioner for FY 2018-19 along with energy requirement as per MYT Order dated 9th June, 2017 has been examined and verified by the Commission. The Commission observed that there is a reduction of 123.34 MUs in the energy requirement for TPL-D (A) against the quantum of 8,463.64 MUs approved in the MYT order.

The actual energy requirement is lower than that approved in the MYT Order despite the higher sales than approved, due to lower Transmission Losses and Distribution Losses. The actual energy requirement being the sum of energy sales, Transmission Losses and Distribution Losses, works out to 8,340.30 MUs for FY 2018-19.

The Commission accordingly approves the energy requirement at 8,340.30 MUs for truing up of FY 2018-19 as given in the above Table 4.3.

4.5 Energy Availability

Petitioner's Submission

The Petitioner has submitted that the power is sourced collectively for Ahmedabad and Surat Licence area from TPL-G (APP), SUGEN, Renewable Sources of Energy and other sources such as Bilateral and purchase through Power Exchange. The source-wise power purchase is given in the Table below:

Table 4.4: Energy Availability (Net) for FY 2018-19 for Ahmedabad & Surat

(MUs)

Sl. No.	Energy Sources	Approved in the MYT Order	Actual Claimed
1	TPL-G (APP)	2,393.27	2,587.41
2	TPL-G (SUGEN)	4754.49	6,018.92
3	Bilateral and others	1,975.08	63.69
4	Power Exchange	1,440.18	1,889.91
5	Renewable Energy	1,536.66	1,105.37
6	Sub Total	12,099.68	11,665.30
7	Add: Sale of Surplus Power/UI	-	95.18
	Total	**12,099.68**	**11,760.49**

During FY 2018-19, lower forced outage at TPL-G (APP) resulted in higher availability of Sabarmati plant. In reference to SUGEN, the variation in the quantum of procurement is due to higher off-take from tied up LNG. However, with respect to Renewable Energy Sources, the variation is due to supply constraints.

The Petitioner has submitted that it has also procured power from bilateral sources and balance requirement has been fulfilled through procurement of top-up power from Power Exchange.

4.5.1 Renewable Power Purchase Obligation

Petitioner's Submission

Regulation 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulation, 2010 specifies the Renewable Power Purchase Obligation (RPPO) for FY 2010-11, FY 2011-12 and FY 2012-13. Subsequently, the Commission notified the GERC (Procurement of Energy from Renewable Sources) (Second Amendment) Regulations, 2018 specifying RPPO for the period FY 2017-18 to 2020-21. TPL-D has made all efforts to fulfil its RPPO.

The renewable energy requirement and renewable energy sourced for FY 2018-19 for TPL-D (A) and TPL-D (S) combined, is as under:

Table 4.5: RPPO submitted by TPL for FY 2018-19

Particulars	MU
Energy Requirement	11,760.49
Obligation	
Wind energy to be procured (@7.95%)	934.96
Solar energy to be procured (@4.25%)	499.82

Particulars	MU
Biomass/ Bagasee /Others (@0.50%)	58.80
Total (12.70%)	1,493.58
Compliance (Non-Solar) in MU	
Wind	834.13
Non-Solar REC	101.28
Compliance	935.41
Compliance (as % of Energy Requirement)	7.95%
Compliance (Solar energy) in MU	
Solar	331.28
Solar-REC	100.00
Compliance	431.28
Compliance (as % of Energy Requirement)	3.67%
Shortfall/(Excess) of FY 18-19 in MU	
Non-Solar	58.35
Solar	68.54
Total	**126.89**

The Petitioner has approached the Commission in the matter of revision of minimum quantum of purchase (in %) from renewable energy sources for FY 2018-19 in accordance with the RPO Regulations vide its Petition No. 1830 of 2019.

Further, during FY 2018-19, the Petitioner has given adjustment of 60.91 MU of wind power towards the compliance of the Commission's order dated 8th January, 2019 in Case No. 1437 of 2014. Regarding solar power, the matter is sub-judice before the Commission in Case No. 1786 of 2019.

Commission's Analysis

The sources of power approved by the Commission in the MYT Order dated 9th June, 2017 are AMGEN, SUGEN, Bilateral Sources, Power Exchange and Renewable Energy.

The Commission had approved the total quantum of power purchase at 12,099.68 MUs for TPL-D (A) and TPL-D (S) combined for FY 2018-19 in the MYT Order dated 9th June, 2017 against which the Petitioner has purchased 11,760.49 MUs during FY 2018-19. The same is due to lower transmission and distribution losses despite higher than approved sales for FY 2018-19.

The Commission sought reconciliation of UI/Wind Set off submitted as 28.45 MUs as per Form 2. The Petitioner submitted vide additional details dated 22nd January, 2020 that the same corresponds to the adjustment for Unscheduled Interchange (UI), Open Access through Power Exchange, and Wind Set off, and furnished the following reconciliation:

Table 4.6: UI/Wind Set-off reconciliation submitted by the Petitioner for FY 2018-19

Particulars		MU
UI	a	85.89
Open Access Through PX	b	9.29
Wind Set off	c	-66.74
Form 2 -		
Renewable Energy Purchase	d	1,172.11
Adjustment for UI/Wind Setoff	e = a +b +c	28.45
Total	f = d + e	1,200.56
Table 9 of the Petition		
Renewable Energy Available	g = d + c	1,105.37
Surplus Power/ UI	h = e-c	95.18
Total	i = g + h	1,200.56

The Commission notes that TPL has procured renewable energy from the generators under preferential tariff besides procurement of RECs for compliance of RPO. The Petitioner has submitted that the Commission has specified the minimum RPO and the Petitioner is having a shortfall of 126.89 MU for FY 2018-19. The Commission notes that TPL has filed a separate Petition for compliance of RPO, which is pending for adjudication before the Commission. Therefore, as far as the compliance of RPO is concerned, the Commission will decide it in separate proceedings.

The Commission has considered the aforesaid aspects and accordingly approves the availability of energy during FY 2018-19 as shown in the Table below:

Table 4.7: Approved Energy Availability (Net) for FY 2018-19 for TPL-D (A) and TPL-D (S)

(MU)

Sr. No.	Energy Sources	Approved in the MYT Order	Actual Claimed	Approved in Truing Up
1.	TPL-G (APP)	2,393.27	2,587.41	2,587.41
2.	TPL-G (SUGEN)	4754.49	6,018.92	6,018.92
3.	Bilateral	1,975.08	63.69	63.69
4.	Power Exchange	1,440.18	1,889.91	1,889.91
5.	Renewables	1,536.66	1,105.37	1,105.37
6.	Sub-Total	12,099.68	11,665.30	11,665.30

Sr. No.	Energy Sources	Approved in the MYT Order	Actual Claimed	Approved in Truing Up
7.	Add: Sale of Surplus power/UI	-	95.18	95.18
	Total	**12,099.68**	**11,760.49**	**11,760.49**

4.6 Power Purchase Cost

Petitioner's Submission

TPL has submitted the actual power purchase cost for FY 2018-19 against the power purchase cost approved in the MYT Order dated 9th June, 2017 as shown in the Table below:

Table 4.8: Power Purchase Cost projected by TPL for Ahmedabad and Surat area for FY 2018-19

(Rs. Crore)

Energy Sources	Approved in the MYT Order	Actual Claimed
TPL-G (APP)	1,088.78	1,202.76
SUGEN	2,632.22	3,979.36
Bilateral	622.15	32.45
Power Exchange	449.34	1,000.75
Renewables	851.15	654.47
REC	0.00	22.75
Total	**5,643.64**	**6,892.53**

The Petitioner has submitted that the quantum of power purchase depends on energy sales and distribution loss and the mix of power purchase depends on availability and cost of different sources at a point of time.

The power purchase was planned to be done from two type of sources, i.e. (a) Long-term Sources (TPL-G (APP) sources, SUGEN and renewable energy sources), and (b) Short-term Sources (Bilateral sources / Power Exchange). TPL had considered procurement from SUGEN at more than 85% PLF for the entire control period. However, the Commission has considered the SUGEN generation estimate at 65% PLF for MYT projections based on actual level of generation for three quarters of FY 2016-17.

TPL has submitted that supply from SUGEN during three quarters of FY 2016-17 was about 65% due to the reduction in allotted supply of domestic gas by the Government of India and restricted opportunity for direct import of LNG from international market during that year. In order to address this shortage, SUGEN made permanent arrangement by tying up LNG from international markets till the year 2020. Thus, TPL has tied up fuel arrangement for its SUGEN plant and same was apprised to the Commission.

The variation in the power purchase cost from the MYT Order is on account of variation in sales and distribution losses, 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.

TPL has also submitted that the variation in power purchase cost is an uncontrollable component except on account variation in distribution losses. Hence, the same needs to be allowed in ARR as per Regulations.

TPL submitted that the power purchase for its Ahmedabad and Surat license areas has been carried out on collective basis and the total power purchase cost has been apportioned between Ahmadabad and Surat on the basis of usage of power. Accordingly, the allocated power purchase cost for Ahmedabad Supply area is Rs. 4,888.04 Crore for FY 2018-19.

Commission's Analysis

The Commission, in its MYT Order, had approved the power purchase plan for the entire MYT Control Period (FY 2016-17 to FY 2020-21) as per the details furnished and plan proposed by TPL in its Case No. 1627 & 1628 of 2016.

The Commission had approved power purchase for TPL-D (A) & (S) from long-term and short-term sources based on its availability during the previous three quarters of FY 2016-17. According to that, 65% PLF was estimated from its SUGEN generation, considering the shortage of availability of fuel during that period. Rest of the power procurement was to be tied up from short-term as per the availability of the cheapest sources. Over a period of time, availability of LNG for its SUGEN plant improved and firm fuel tie up was made by TPL for its SUGEN plant so that continuous power can be made available. Since fuel was tied up and there are offtake obligations, SUGEN has improved its PLF to 85% during the FY 2018-19. The availability of power from different sources is discussed and outlined in the following paras. Further, as submitted by TPL bidding process for procurement of power on short-term basis was also done but the prices discovered were very high than the prevailing market price. However, TPL has tied up 50 MW from bilateral, which was approved by the Commission.

The Commission had approved the quantum of power purchase at 12,099.68 MUs for FY 2018-19 in the MYT Order dated 9th June, 2017 against which TPL has purchased 11,760.49 MUs. The energy requirement is evaluated based on the sale of energy and losses in the transmission and distribution system of Ahmedabad / Gandhinagar and Surat license area. The energy requirement for TPL-D (A) license area works out to 70.92% of the total energy requirement and accordingly, 70.92% of the total power purchase cost has been considered for TPL-D (A) license area.

The Commission observes that the total power purchase cost has increased by Rs. 1,248.89 Crore for FY 2018-19 over that approved in the MYT Order. The main reason for the increase in power purchase cost in FY 2018-19 is increase in the quantum and variable cost of purchase from SUGEN power plant. TPL-D has purchased power from SUGEN at a variable cost of Rs. 5.28/kWh as against Rs. 3.89/kWh approved by the Commission in the MYT Order dated 9th June, 2017. The gas prices during MYT period was around $ 6 / MMBTU, however during the period under truing up i.e. FY 2018-19, the international gas prices went up to $ 9 - $ 10 / MMBTU. Therefore, the generation cost from SUGEN plant has increased, as mentioned above.

During FY 2018-19, lower forced outages at TPL-G (APP) resulted in higher availability of Sabarmati plant. The Petitioner has submitted that in reference to SUGEN, the variation in the quantum of procurement is due to higher off-take from tied up LNG.

The Petitioner has procured power from bilateral sources to meet the shortfall of energy from tied-up sources and balance requirement has been fulfilled through procurement of top up power from power exchange. The Petitioner has procured short-term power from Indian Energy Exchange (IEX) at the rate of Rs. 5.30 / kWh as submitted in Form 2. The Commission has noted the increasing trend of rates in the Power Exchange. The Petitioner has purchased power from bilateral sources at Rs. 5.10 / kWh as submitted in Form 2. Similarly, the power exchange price during the MYT period was taken on an average price prevailing during FY 2015-16, which was around Rs. 3.12 / kWh which went up to Rs. 5.30 / kWh during the truing up period i.e. FY 2018-19. These are the major reasons which have increased the power purchase cost of TPL.

The Commission has specified the minimum RPO to be fulfilled by the Petitioner as per the GERC (RPO) Regulations. The break-up of purchase from Wind and Solar RE sources is given in the Table below.

Table 4.9: Break-up of purchase from RE sources for FY 2018-19

Sr. No.	Particulars	Quantum (MU)	Variable Cost (Rs./kWh)	Total Cost (Rs. Crore)
1	Wind	877.30	4.64	407.40
2	Solar	294.81	8.38	247.07
3	**Total Renewable**	**1,172.11**	**5.58**	**654.47**

The Commission has duly verified the annual accounts of TPL-D, Ahmedabad and Surat and the FPPPA approved in 4 (four) quarters of FY 2018-19.

The generation cost of TPL-G (APP) has been considered as per scheduled energy and the same has been considered as submitted by the Petitioner for FY 2018-19. The Commission has approved the power purchase cost for FY 2018-19 as given in the Table below:

Table 4.10: Approved Power Purchase Cost for TPL-D (A) and TPL-D (S) for FY 2018-19

(Rs. Crore)

Energy Sources	Approved in the MYT Order	Actual Claimed	Approved in Truing Up
TPL-G (APP)	1,088.78	1,202.76	1,182.53
SUGEN	2,632.22	3,979.36	3,979.36
Bilateral	622.15	32.45	32.45
Power Exchange	449.34	1,000.75	1,000.75
Renewables	851.15	654.47	654.47
REC	0.00	22.75	22.75
Total	**5,643.64**	**6,892.53**	**6,872.30**

Considering the approved power purchase cost of Rs. 6,872.30 Crore for the approved total energy procurement of 11,760.49 MUs, the per unit power purchase cost works out to Rs. 5.8436 / kWh for FY 2018-19.

Since, the Commission has approved the energy requirement of TPL-D (A) licence area at its periphery which is 8,340.30 MUs, i.e. 70.92% of the total power purchase quantum, the power purchase cost for TPL-D (A) licence area is computed at Rs. 4,873.70 Crore.

The Commission accordingly approves the power purchase cost at Rs. 4,873.70 Crore for TPL-D (A) licence area in the True-Up for FY 2018-19.

4.6.1 Sharing of Gains/Losses due to reduction in Distribution Losses

Petitioner's Submission

TPL has computed the gain due to reduction in distribution loss for Ahmedabad area at Rs. 66.77 Crore on account of reduction in distribution losses. TPL furnished the details of computation of gain due to distribution loss for Ahmedabad area in their Petition as given in the Table below:

Table 4.11: Gain due to reduction in energy requirement for FY 2018-19 claimed by TPL-D (A)

Particulars	Unit	Legend	Actual Claimed
Actual energy purchased at distribution level	MU	a	8,301.10
Energy Sales	MU	b	7,835.27
Wheeling of energy	MU	c	107.41
Total energy wheeled	MU	d=b + c	7,942.68
Distribution loss (approved in MYT)	%	e	6.85%
Energy required at distribution level at approved loss	MU	f=d/(1-e)	8,526.76
Difference	MU	g=(f)-((a)+(c))	118.25
Units recovered as loss	MU	h	4.32
Reduction in energy requirement	MU	i=g-h	113.93
Average PPC	Rs/kWh	j	5.86
Savings	**Rs Cr**	**k=i * j**	**66.77**

Thus, TPL-D (A) has computed the gains due to reduction in distribution loss at Rs. 66.77 Crore.

Commission Analysis

The Commission has approved distribution loss at 6.85% in the MYT Order dated 9th June, 2017 whereas TPL has claimed the actual distribution loss at 5.61% for FY 2018-19. The Commission has worked out gain on account of reduction in distribution losses as shown in the Table below:

Table 4.12: Approved Gains due to reduction in Distribution Losses for FY 2018-19

Particulars	Unit	Legend	Approved in Truing Up
Actual energy purchased at distribution level	MU	a	8,301.10
Energy Sales	MU	b	7,835.27

Particulars	Unit	Legend	Approved in Truing Up
Wheeling of energy	MU	c	107.41
Total energy wheeled	MU	d=b + c	7,942.68
Approved Distribution Loss	%	e	6.85%
Energy required at distribution level at approved loss	MU	f=d/(1-e)	8526.76
Difference	MU	g=(f)-((a)+ (c))	118.25
Units recovered as loss	MU	h	4.32
Reduction in Energy Requirement	MU	i=g-h	113.93
Average PPC	Rs/kWh	j	5.84
Savings	**Rs Cr**	**k=i * j**	**66.57**

The Commission, accordingly, approves the gain on account of reduction in distribution loss at Rs. 66.57 Crore during FY 2018-19 for truing up.

4.7 Fixed Charges

4.7.1 Operation and Maintenance (O&M) Expenses

Petitioner's Submission

TPL has claimed Rs. 312.77 Crore as O&M expenses as against the total O&M expenses of Rs. 306.87 Crore approved for FY 2018-19 in the MYT Order as detailed in the Table below:

Table 4.13: O&M expenses claimed by TPL- Ahmedabad for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19	
	Approved in the MYT Order	Actual Claimed
Total O&M Expenses	306.87	312.77

The Petitioner has submitted that the variation in O&M expenses should be considered as controllable except change in law and wage revision.

The Petitioner has further submitted that there has been an increase in Employee Cost owing to change in law resulting in variation in the employee expenses. The Government of India issued a Notification dated 29th March, 2018, amending the Payment of Gratuity Act, 1972, inter alia increasing ceiling of gratuity to Rs. 20 Lakh from Rs. 10 Lakh. Prior to the amendment of the Payment of Gratuity Act, 1972 vide the Notification dated 29th March, 2018; the upper ceiling on gratuity amount payable under the Act was Rs. 10 Lakh. Pursuant to the amendment the ceiling has been raised to Rs. 20 Lakh. Thus, the employee cost has increased due to the amendment in the Payment of Gratuity Act, 1972. The Petitioner has therefore submitted that the said notification is a change in law in terms of Regulations 2(15) of the GERC (MYT) Regulations, 2016 and has resulted in the increase in Employee Cost by Rs. 2.50 Crore for FY 2018-19. The Petitioner has requested the Commission to consider the increase in O&M expenses on account of change in law as uncontrollable and allow gains/losses accordingly.

Commission's Analysis

TPL-D (A) has submitted the actual O&M expenses at Rs. 312.77 Crore inclusive of impact of "Re-measurement of Defined Benefit Plans" of Rs. 2.31 Crore in the truing-up for FY 2018-19.

It is observed that as per Annual Accounts the O&M Expenses are Rs. 331.16 Crore; whereas TPL has claimed O&M Expenses of Rs. 312.77 Crore. The head-wise analysis is as under:

a) Employee Expenses: Employee expenses as per annual accounts are Rs. 119.48 Crore net of expenses capitalised of Rs. 102.15 Crore. TPL has added the Commission to Non-Executive Directors of Rs. 1.80 Crore (From A&G expenses head) and expense towards re-measurement of defined benefit plans of Rs. 2.31 Crore. Accordingly, the employee expenses are Rs. 123.59 Crore. The Commission has approved the employee expenses as Rs. 123.59 Crore.

b) A&G Expenses: A&G Expenses as per annual accounts is Rs. 107.80 Crore. The Petitioner has claimed the A&G Expenses after reduction on account of Commission to Non-Executive Directors (Rs. 1.80 Crore), Donations (Rs. 10.02 Crore), Bad Debts Written off-net (Rs. 0.49 Crore), Insurance Claim Receipt (Rs. 0.02 Crore), Leased Land Depreciation (Rs. 0.31 Crore), Allowance of Doubtful Debts (Rs. 4.43 Crore), Corporate Social Responsibility (Rs. 5.29 Crore), Sponsorship Expenses (Rs. 0.03 Crore), Advertisement Expenses (Rs. 0.04 Crore) and Gardening Expenses (Rs. 0.06 Crore). Accordingly, TPL has claimed A&G expenses of Rs. 85.30 Crore. Since the Commission has considered Insurance Claim Receipt as a part of Non-Tariff Income, the same has not been reduced from A&G expenses. Accordingly, the Commission approves the A&G expense of Rs. 85.32 Crore.

c) R&M Expenses: The Petitioner has claimed R&M expenses of Rs. 103.88 Crore as per annual accounts for FY 2018-19 and the Commission approves the same.

The Commission, accordingly, approves the O&M expenses of Rs. 312.79 Crore, for truing up of FY 2018-19.

Further as per the GERC (MYT) Regulations, 2016 the variation in O&M expenses is to be considered as controllable except the change in law and wage revision. The increase in employee cost due to the amendment in the Payment of Gratuity Act, 1972 has resulted in the increase in Employee Cost by Rs. 2.50 Crore for FY 2018-19. The same has been considered as uncontrollable and not subject to sharing of gain/(loss).

Accordingly, as per the GERC (MYT) Regulations, 2016 Gain/(Losses) on account of O&M expenses in the truing up of FY 2018-19 is approved by the Commission as given in the Table below:

Table 4.14: O&M Expenses approved by the Commission for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing Up	Deviation	Gains/(Losses) due to Controllable Factors	Gains/(Losses) due to Uncontrollable Factors
O&M Expenses	306.87	312.79	(5.92)	(3.42)	(2.50)

4.7.2 Capital Expenditure, Capitalization and Sources of Funding

a) Capital Expenditure

Petitioner's Submission

TPL has furnished actual capital expenditure of Rs. 671.46 Crore in the truing up for FY 2018-19 as against Rs. 895.64 Crore approved in the MYT Order dated 9th June, 2017 as per the details given in the Table below:

Table 4.15: Capital expenditure claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
EHV	401.35	230.35
HT Network	188.30	192.76

Particulars	Approved in the MYT Order	Actual Claimed
LT Network	199.62	148.43
Metering	20.80	21.06
Other Department	11.68	14.07
IT & related expenditure	15.14	10.13
PSC	51.25	52.98
Misc.	7.50	1.67
Total	**895.64**	**671.46**

TPL has submitted that the capital expenditure incurred for Ahmedabad Supply Area in FY 2018-19 is Rs. 671.46 Crore which is lower than the approved value. TPL has given reasons for the major variances in the actual expenditure against the approved expenditure as detailed below:

(a) EHV Network – The Commission had approved the capital expenditure of Rs. 401.35 Crore for EHV. In this regard, the Petitioner has incurred the expenditure of Rs. 230.35 Crore. The major variation is on account of expenditure incurred towards the following:

- Bulk Supply Points: During FY 2018-19, the major expenditure planned towards 220 kV supply point at Gandhinagar substation, has been deferred to FY 2019-20 due to revision in the scheme.
- EHV line: Under this head, the major expenditure incurred is towards upgradation of downstream evacuation capacity from Nicol-2 substation which was deferred to FY 2018-19. Expenditure has also been incurred towards GIS at Thaltej in order to accommodate the 220 kV supply point. Expenditure has also been incurred towards upgradation of 66 kV line between Vinzol and Amraiwadi & between Odhav and Amraiwadi. Balance expenditure incurred includes cost incurred for conductor replacement between Nicol-2 and Vastral, etc.
- EHV Projects: During FY 2018-19, the major expenditure incurred under this head pertains to overhead to underground conversion of part of 132 kV feeders due to infrastructure development projects such as Metro and RVNL. Expenditure has also been incurred towards installation of additional transformers of 132/33 kV & 132/11 kV to enhance reliability and to cater to the load demand. Further, land has been procured for establishing 132 kV substation at Lambha.

However, the expenditure planned towards establishment of 132 kV substation at Wadej has been deferred due to issues in land procurement. Similarly, the expenditure planned for procurement of land at Riverfront has also been deferred.

- <u>33 kV Substation:</u> During FY 2018-19, majority of the expenditure has been incurred towards 33 kV substations at various locations like Gujarat Steel Tubes, Sarkhej, Transstadia, GIDC Ph-4, Shahwadi, Sumel-8. Further, expenditure has been incurred towards the energisation of 33 kV customers. Expenditure was also incurred towards installation of additional 33/11 kV transformers to cater to the load growth and for relieving the existing transformers.

  However, work of 33 kV substation at Riverfront, Ashram Road, Gita Mandir, New Naroda, and Shah Alam were deferred due to issues in land procurement.

- <u>Renovation and Replacement:</u> Expenditure under the head of renovation and replacement has been incurred towards phasing out of obsolete assets such as switchgears and capacitor banks during FY 2018-19 as well as civil revamping of EHV substations & switchyard.
- <u>Safety:</u> During FY 2018-19, major expenditure incurred is towards undergrounding of 132 kV Jamalpur-Vinzol and Dudheshwar-Naroda line. Expenditure has also been incurred towards revamping of earthing system, replacing LA/CT/PT, additional towers/cross arms, etc.
- <u>Supporting Infrastructure:</u> Under this head, expenditure has been incurred for procurement of relays, panels, testing equipment and battery.
- <u>Automation:</u> Expenditure has also been incurred towards EHV substation automation.

(b) <u>HT</u> – The Commission had approved the capital expenditure of Rs. 188.30 Crore for HT network. In this regard, the Petitioner has incurred the expenditure of Rs. 192.76 Crore. The major variation is because of:

- <u>Normal load growth:</u> Expenditure has been incurred mainly towards transformer installation necessitated by higher inflow of bunch applications. Cost has also been incurred for HT customer application processing and various network modification schemes.
- <u>Reliability, Renovation and Modernisation:</u> Lower capital expenditure has been incurred under this head mainly due to variation in estimates of road opening

expense and cable length for different types of schemes pertaining to feeder bifurcation and old and obsolete network upgradation.

- Safety: Major capital expenditure has been incurred under the head of safety towards execution of projects for overhead to underground conversion and switchgear replacement.
- Supporting Infrastructure: Expenditure has been incurred towards testing and measuring equipment like clip on meters, cable identifier, route tracer, earth tester.

c) LT – The Commission had approved the capital expenditure of Rs. 199.62 Crore for LT network. The actual expenditure incurred is Rs. 148.43 Crore. The major variation is on account of:

- Normal load growth: Expenditure is incurred mainly towards release of new connection/extension/reduction, load balancing, relieving of overloaded distributors and substation interlinking schemes. Variation in expenditure is mainly due to variation in cable length and road opening expenses.
- Reliability, Renovation and Modernisation: Expenditure has been incurred mainly towards revamping of LT network of Distribution Transformers and shifting requirement of LT network is depended on road widening and other infrastructure development projects.
- Safety: Lower capital expenditure has been incurred under the head of safety mainly towards replacement of LC due to issues related to right of way and road opening permissions.
- Supporting Infrastructure: Expenditure has been incurred towards testing and measuring equipment like cable identifier, route tracer, earth tester, megger, clip on meters, instruments for field force mobile application.

d) Meter Management – The Commission had approved capital expenditure pertaining to Metering of Rs. 20.80 Crore. The actual expenditure incurred was higher based on actual requirement of quantum of three phase and single-phase meters. Expenditure of supporting infrastructure is deferred based on revised requirement.

e) Other Dept. – The Commission had approved capital expenditure pertaining to Other Dept. of Rs. 11.68 Crore. The actual expenditure incurred was Rs. 14.07 Crore towards:

- Establishing new customer care centre (Plug-point) at Dudeshwar

- Procurement of GIS hardware and software
- Procurement of testing equipment
- Procurement of Electrical conductivity meter, moisture analyser, oil breakdown voltage testing kit
- Storage and material handling equipment at Pirana

f) Power Supply Centre (PSC) – The Commission had approved capital expenditure pertaining to PSC of Rs. 51.25 Crore. In this regard, the Petitioner submitted that the work for implementation of PSC across different location across Ahmedabad initiated in FY 2017-18 has been continued during FY 2018-19 along-with procurement of land for establishing PSC.

g) Miscellaneous – The Petitioner has incurred need based capital expenditure of Rs. 1.67 Crore under the head of miscellaneous. The reason for lower expenditure incurred is due to revision in scope of work.

h) IT & related expenditure – Majority capex under the head of IT is towards implementation of SAP's new database platform – HANA and CCTV & surveillance projects.

Commission's Analysis

The rapid urbanization of twin cities of Ahmedabad and Gandhinagar has resulted in a steep increase in the system demand over the past few years. It is expected that load density of Ahmedabad / Gandhinagar license area will further increase in the coming years. In order to meet the system demand, there has to be necessary augmentation and upgradation of EHV / HV / LV network. TPL-D had submitted the CAPEX plan for the MYT period and accordingly CAPEX and capitalization is being undertaken and it is approved based on the yearly progress.

The Commission has observed that the Petitioner has claimed CAPEX of Rs. 671.46 Crore in FY 2018-19, against approved CAPEX of Rs. 895.64 Crore in MYT Order. The Commission asked for additional information regarding difference in the CAPEX during the FY 2018-19 and capitalization against the approval of the Commission in MYT Order. With reference to the Commission's query regarding detailed information for the deviation in CAPEX from the approved plan as per MYT Order, the Petitioner has submitted the details. The details of the approved CAPEX as per MYT Order and the actual CAPEX and the capitalization during FY 2018-19 is as mentioned in the Table below:

Table 4.16: Details of Capex break-up along with Project Date & Date of Completion submitted by TPL-D (A) for FY 2018-19

(Rs. Crore)

Project Title	Project Start Date	Estimated Project Completion date	Cost of the Project
EHV			
Bulk Supply Points	FY 16-17	FY 21-22	3.67
EHV Lines	FY 16-17	FY 20-21	81.65
EHV SS Projects	FY 15-16	FY 20-21	63.45
33 kV SS Projects	FY 15-16	FY 21-22	58.70
Renovation and Replacement	FY 18-19	FY 18-19	3.92
Safety	FY 16-17	FY 20-21	16.54
Support Infrastructure	FY 18-19	FY 19-20	1.60
Automation	FY 18-19	FY 18-19	0.83
Total EHV			**230.35**
HT			
New Substations	FY 18-19	FY 18-19	79.13
New HT Consumers	FY 18-19	FY 18-19	9.32
Transformer Replacement	FY 18-19	FY 18-19	13.99
11kV Normal Load Growth	FY 18-19	FY 18-19	34.61
Reliability, Renovation & Modernization	FY 18-19	FY 18-19	43.93
Safety	FY 18-19	FY 18-19	11.33
Supporting Infrastructure	FY 18-19	FY 18-19	0.45
Total HT			**192.76**
LT			
Normal Load Growth	FY 18-19	FY 18-19	93.24
Reliability, Renovation & Replacement	FY 18-19	FY 18-19	30.77
Safety	FY 18-19	FY 18-19	24.18
Supporting Infrastructure	FY 18-19	FY 18-19	0.24
Total LT			148.43
Meters			
Normal Load Growth	FY 18-19	FY 18-19	21.03
Supporting Infrastructure	FY 18-19	FY 18-19	0.03
Total Meters			**21.06**
CS	FY 18-19	FY 18-19	12.29
Stores	FY 18-19	FY 18-19	0.63
GIS	FY 18-19	FY 18-19	(0.25)
QA/QC	FY 18-19	FY 18-19	0.70
RPRC	FY 18-19	FY 18-19	0.06
Safety	FY 18-19	FY 18-19	0.64
IT	FY 18-19	FY 18-19	10.13
PSC	FY 17-18	FY 20-21	52.98
Others	FY 18-19	FY 18-19	1.67
Grand Total			**671.46**

Table 4.17: Approved CAPEX as per MYT Order & Actual CAPEX and Capitalization during FY 2018-19 for TPL-D (A)

(Rs. Crore)

Project Particulars	Capex Proposed for FY 2018-19 in MYT Petition	Capex Approved for FY 2018-19 in MYT Order	Capitalization Proposed for FY 2018-19 in MYT Petition	Capitalization Approved for FY 2018-19 in MYT Petition	Capex Proposed in True-up of FY 2018-19	Capitalization Proposed in True-up of FY 2018-19	Diff. of Proposed & Approved Capitalization for FY 2018-19
EHV							
Bulk Supply Points	27.68	27.68	53.99		3.67	4.07	
EHV Lines	66.70	66.70	63.59		81.65	91.44	
EHV SS Projects	120.37	120.37	120.37		63.45	74.81	
33 kV SS Projects	155.98	155.98	175.18		58.70	39.25	
Renovation and Replacement	4.19	4.19	4.19		3.92	3.92	
Safety	24.67	24.67	72.44		16.54	17.53	
Support Infrastructure	0.81	0.81	0.81		1.60	1.60	
Automation	0.95	0.95	0.95		0.83	0.83	
Total EHV	**401.35**	**401.35**	**491.52**	**-**	**230.35**	**233.45**	**-**
HT	**188.31**	**188.31**	**188.31**	**-**	**192.76**	**183.19**	**-**
LT	**199.62**	**199.62**	**199.62**	**-**	**148.43**	**158.91**	**-**
Meters	**20.79**	**20.79**	**20.80**	**-**	**21.06**	**21.45**	**-**
CS	0.21	0.21	0.21		12.29	13.01	
Stores	10.21	10.21	10.21		0.63	0.52	
GIS	0.85	0.85	0.85		(0.25)	1.73	
QA/QC	-	-	-		0.70	0.61	
RPRC	-	-	-		0.06	0.06	
Safety	0.41	0.41	0.41		0.64	0.37	
IT	15.14	15.14	15.14		10.13	17.31	
PSC	51.25	51.25	51.25		52.98	13.65	
Others	7.50	7.50	7.50		1.67	1.49	
Grand Total	**895.64**	**895.64**	**985.81**	**350.73***	**671.46**	**645.75**	**295.02**

* 39% of Approved Capex based on 5 Years Trend

From the said details, it is observed that the major deviation in the capital expenditure is on account of deviation in EHV works. Against approved capital expenditure of Rs. 401.35 Crore for EHV works, the Petitioner has incurred capital expenditure of Rs. 230.35 Crore only. Under the head of EHV works, major expenditure has been incurred towards upgradation of downstream evacuation capacity from Nicol-2 substation, overhead to underground conversion of part of 132 kV feeders due to infrastructure development projects such as Metro and RVNL and development of 33 kV substations.

There has been deferment in works of 220 kV supply point at Gandhinagar substation which has been deferred to FY 2019-20 due to revision in the scheme.

EHV lines is one of the major components with a CAPEX of Rs. 81.65 Crore, out of total capex of Rs. 230.35 Crore incurred towards EHV works. Under the head of EHV lines, major expenditure has been incurred towards upgradation of downstream evacuation capacity from Nicol-2 substation which was deferred to FY 2018-19. Expenditure has also been incurred towards GIS at Thaltej in order to accommodate the 220 kV supply point. Expenditure has also been incurred towards upgradation of 66 kV line between Vinzol and Amraiwadi and between Odhav and Amraiwadi. Balance expenditure incurred includes cost incurred for conductor replacement between Nicol-2 and Vastral etc.

Under the head of EHV projects, expenditure of Rs. 63.45 Crore was incurred. Majority expenditure was incurred towards overhead to underground conversion of part of 132 kV feeders due to infrastructure development projects such as Metro and RVNL. Expenditure was also incurred towards installation of additional transformers of 132/33 kV & 132/11 kV to enhance reliability and to cater to the load demand. However, the expenditure planned towards establishment of 132 kV substation at Wadaj has been deferred due to issues in land procurement. Similarly, the expenditure planned for procurement of land at Riverfront has also been deferred. This has resulted in overall lower capex for the year as against the approved MYT values.

Capital expenditure was also incurred towards 33 kV substations at various locations like Gujarat Steel Tubes, Sarkhej, Transstadia, GIDC Ph-4, Shahwadi, Sumel-8. However, work of 33 kV substation at Riverfront, Asharm Road, Gita Mandir, New Naroda, and Shah Alam were deferred due to issues in land procurement.

Capital expenditure related to HT network of Rs. 192.76 Crore has been incurred towards distribution transformer installations necessitated by higher inflow of bunch applications. Expenditure has also been incurred for transformer augmentation, HT customer application processing and various network modification schemes. Capital expenditure towards LT network of Rs. 148.43 Crore has been incurred towards release of new connection / extension / reduction, relieving overloaded distributors and distributor for interlinking new substation, revamping of distribution transformers, LT network shifting necessitated due to road widening by local authorities for infrastructure development projects and higher quantum of requirement of three-phase and single-phase meters than envisaged.

The Commission has verified from the annual accounts that the Petitioner has incurred capital expenditure of Rs. 671.46 Crore during FY 2018-19.

The Commission, therefore, approves the capital expenditure of Rs. 671.46 Crore for FY 2018-19.

b) Capitalization

Petitioner's Submission

TPL has claimed a sum of Rs. 645.76 Crore towards capitalization, against the approved capitalization of Rs. 350.73 Crore in the MYT Order for FY 2018-19.

Commission's Analysis

The Commission sought the details of scheme-wise breakup of actual capitalisation of Rs. 645.76 Crore with details of opening CWIP as on 1st April, 2018 and Closing CWIP as on 31st March, 2019, which was furnished by TPL-D (A) vide additional details dated 22nd January, 2020.

The Commission has observed that there is significant variation in the value of Opening GFA in the Annual Accounts and Petition. TPL-D (A) clarified that the Fixed Asset Schedule in Annual Accounts is on NFA basis as per Ind-AS. However, TPL-D (A) has submitted fixed asset schedule in the petition on GFA basis as per the GERC (MYT) Regulations, 2016 vide additional details dated 22nd January, 2020.

The Petitioner has given break-up of asset wise capitalization in Form 4.2 which is depicted in the Table below:

Table 4.18: Break up of capitalised assets for FY 2018-19

(Rs. Crore)

Asset Classification	Actual Capitalisation
EHV	
Bulk Supply Points	4.07
EHV Lines	91.44
EHV SS Projects	74.81
33 kV SS Projects	39.25
Renovation and Replacement	3.92
Safety	17.53
Support Infrastructure	1.60
Automation	0.83
Total EHV	**233.45**
HT	

Asset Classification	Actual Capitalisation
New Substations	76.99
New HT Consumers	8.16
Transformer Replacement	14.16
11kV Normal Load Growth	32.01
Reliability, Renovation & Modernization	39.71
Safety	11.71
Supporting Infrastructure	0.45
Total HT	**183.19**
LT	
Normal Load Growth	98.00
Reliability, Renovation & Replacement	35.67
Safety	25.01
Supporting Infrastructure	0.24
Total LT	**158.91**
Meters	
Normal Load Growth	21.44
Supporting Infrastructure	0.00
Total Meters	**21.45**
CS	13.01
Stores	0.52
GIS	1.73
QA/QC	0.61
RPRC	0.06
Safety	0.37
IT	17.31
PSC	13.65
Others	1.49
Grand Total	**645.76**

The addition to assets during FY 2018-19 is Rs. 645.76 Crore, as also verified from the annual accounts of TPL-D (A). The Commission observes that the Petitioner has capitalized higher amount as against Rs. 350.73 Crore approved by the Commission in the MYT Order for FY 2018-19.

Further, the Commission has sought the following details with respect to the capitalization of the assets during the FY 2018-19.

Table 4.19: Details of CEI Certificates & Transformer Loading for TPL-D (A) for FY 2018-19

Sr. No.	Capex Head	Description	CEI Inspection Date	Date of Charging/ Commissioning	Min loading MW 2018-19	Max loading 2018-19
1	Bulk Supply Points	220kV SS at Gandhinagar - 40MVA and 20MVA TR relocation work	40MVA TR 3: 04-01-2019 40MVA TR 4: 06-12-2018 20MVA TR 2: 20-10-2018	40MVA TR 3: 04-01-2019 40MVA TR 4: 06-12-2018 20MVA TR 2: 20-10-2018	40MVA TR-3 = 3.2 MW 40MVA TR-4 = 0.00 MW 20MVA TR - 2= 1.0 MW (standby)	40MVA TR-3 = 19.5 MW 40MVA TR-4 = 21.5 MW 20MVA TR - 2 = 3.3 MW (standby)
2		Up-grading Nicol-2 - Feeder bay relocation work	K-T F1 : 27-08-2018 K-T F2 : 27-08-2018 B/C : 27-08-2018	K-T F1 : 27-08-2018 K-T F2 : 13-09-2018 B/C : 27-08-2018		
3	EHV Lines	Increasing of evacuation capacity of Nicol-2- 220kV cable from Nicol-2 to Odhav	220kV Cable: 28-03-2019 50MVA TR-4: 27-08-2018	220kV Cable :28-03-2019 50MVA TR-4 : 30-08-2018	45Amps 50MVA TR-4 : 3.69 MW	45Amps 50MVA TR-4 : 25.02 MW
4		GIS at Thaltej - 50MVA TR and feeder relocation	Feeder relocation: 20-10-2018 50MVA TR-4 :20-10-2018	Feeder relocation: 20-10-2018 50MVA TR-4 : 20-10-2018	50MVA TR-4 = 0.03 MW	50MVA TR-4:42.09 MW
5		Conductor replacement between Nicol-2 to Vastral	25/10/18	02/11/18		
6	EHV SS Projects	Additional 30 MVA 132 / 11 kV TR at Vastral SS	29/05/18	29/05/18	1.66 MW	15.05 MW
7		OH TO UG 132kV D-S-TH @THALTEJ FOR METRO - Feeder-1	20/10/18	20/10/18	F-1 29.21 MW	F-1: 91.8 MW
8		OH TO UG 132kV D-S-TH T7 - T15 FOR METRO - Feeder-2	13-08-2018 16-01-2019	13-08-2018 16-01-2019	F-2 : 22.50 MW	F-2 : 130 MW
9		132 kV Customer - METRO at Apparel Park	GMRCL Apparel RSS: 21-12-2018	GMRCL Apparel RSS : 24-12-2018	0.5MW	0.5MW
10	33 kV SS Projects	33kV GST - 20 MVA TR-1 & TR-2	16/03/19	22/03/19	20MVA TR-1 = 1.74 MW 20MVA TR-2 = 0.69 MW	20M TR-1 = 5.15 MW 20M TR-2 = 1.82 MW
11		33 kV Customer - AIA Engg.	AIA AIS :10-08-2018	AIA AIS : 16-08-2018	0.28 MW	6.57 MW

Sr. No.	Capex Head	Description	CEI Inspection Date	Date of Charging/ Commissioning	Min loading MW 2018-19	Max loading 2018-19
			AIA GIS: 28-11-2018	AIA GIS: 28-11-2018		
12		33kV Transstadia - 20 MVA TR-1	01/06/18	15/06/18	20MVA TR-1 = 0.26 MW 20MVA TR-2 = .00 MW	20MVA TR-1 = 3.14 MW 20M TR-2 = 2.58 MW
13		33kV Shahwadi + Land - 20 MVA TR rearrangement	28/03/19	29/03/19	20MVA TR-2 = 0.00 MW	20MVA TR-2= 9.36 MW
14		Additional 20MVA TR at 33 kV SS at Bileshwar	20/12/18	20/12/18	20MVA TR-3 = 0.48 MW	20MVA TR-3 = 4.53 MW
15		33kV Motera - 65 MVA 132/66 kV source TR	08/06/18	21/06/18	65MVA DT 3 = 7.83 MW	65MVA DT 3 = 16.31 MW
16	Safety	132 kV Connectivity between Dhedheshwar to Naroda	29/05/18	29/05/18	19.53 MW	69.04 MW

The Commission has noted the submissions of the Petitioner regarding the capital expenditure as well as capitalisation of assets. The Commission notes that TPL-D (A) has upgraded and uprated some of the existing sub-stations and lines as well as switchgears.

Moreover, TPL-D (A) has also established and augmented various sub-stations at 33 kV level in different parts of the city near the load centres, which has led to reduction in the Transmission Losses and Distribution Losses.

The Commission has verified the energisation of EHV system during FY 2018-19 from the Certificate of energisation issued by the Chief Electrical Inspector, as submitted vide additional details dated 12th February, 2020 which substantiates that the assets created through CAPEX have been put to service.

Based on the above observations, the Commission approves the capitalization of Rs. 645.76 Crore for FY 2018-19.

Further, TPL-D (A) has decapitalised assets to the extent of Rs. 24.64 Crore during FY 2018-19, and reduced the capitalisation during the year by deletion of the said amount from the fixed assets to work out net capitalisation for debt and equity component as provided in Regulation 33 of the GERC (MYT) Regulations, 2016.

Based on the above observations, and verification from the annual accounts, the Commission approves the capitalization of Rs. 645.76 Crore for FY 2018-19.

c) Funding of CAPEX

Petitioner's Submission

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

Table 4.20: Funding of capitalization claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19	
	Approved in the MYT Order	As Claimed
Opening GFA	4,795.58	5,336.07
Addition to GFA	350.73	645.76
Deletion from GFA	-	24.64
Closing GFA	5,146.31	5,957.19
Less: SLC Additions	66.64	122.92
Balance Capitalization	284.09	498.20
Normative Debt @ 70%	198.86	348.74
Normative Equity @ 30%	85.23	149.46

Commission's Analysis

The Commission sought the details of actual source of financing of capitalised works for FY 2018-19. The Petitioner vide additional details dated 22nd January, 2020 has submitted that during FY 2018-19, actual loan availed towards capex is Rs. 232.35 Crore and the profit and cash generated for the year are Rs. 230.68 Crore and Rs. 678.97 Crore, respectively as per Annual Accounts. The normative debt-equity considered towards additional capitalisation are Rs. 348.74 Crore and Rs. 149.46 Crore, respectively. The Commission verified the above details and approves the capitalisation and funding thereof as shown in the Table below for truing up of FY 2018-19:

Table 4.21: Funding of capitalization approved for TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19		
	Approved in the MYT Order	As Claimed	Approved in Truing-up
Opening GFA	4,795.58	5,336.07	5,336.07
Addition to GFA	350.73	645.76	645.76
Deletion from GFA	-	24.64	24.64
Closing GFA	5,146.31	5,957.19	5,957.19
Less: SLC Additions	66.64	122.92	122.92
Balance Capitalization	284.09	498.20	498.20
Normative Debt @ 70%	198.86	348.74	348.74
Normative Equity @ 30%	85.23	149.46	149.46

The Commission approves the capitalization and funding as shown in the above Table in the truing up for FY 2018-19.

4.7.3 Depreciation

Petitioner's Submission

TPL-D (A) has claimed a sum of Rs. 206.07 Crore towards actual depreciation in the truing up for FY 2018-19 as against Rs. 172.81 Crore approved in the MYT Order for FY 2018-19 as shown in the Table below:

Table 4.22: Depreciation claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19	
	Approved in the MYT Order	Actual Claimed
Depreciation	172.81	206.07

TPL-D (A) has submitted that the depreciation rates, as per CERC (Terms and Conditions of Tariff) Regulations, 2004, are applied on the Opening GFA of FY 2009-10 and for addition of assets from 1st April, 2009 onwards, the depreciation has been computed at the rates specified in the GERC Regulations. The Petitioner has submitted that depreciation is an uncontrollable item.

Commission's Analysis

The Commission has considered the opening balance of GFA for FY 2018-19 equal to the closing balance of GFA for FY 2017-18 approved by the Commission vide Order dated 24th April, 2019 in Case No. 1764 of 2018.

The details of opening GFA as on 1st April, 2018, addition to and deduction from the Gross Block during FY 2018-19, and the asset classification-wise depreciation are given in the F5 along with the petition.

The Commission has verified the depreciation from the annual accounts for FY 2018-19. It is observed that depreciation as per annual accounts is Rs. 247.49 Crore. The Petitioner has added leased land depreciation of Rs. 0.31 Crore by reducing it from A&G expenses and reduced the depreciation of Rs. 41.73 Crore on assets funded through service line contribution, and accordingly claimed depreciation of Rs. 206.07 Crore.

As per Regulation 39.2(b) of the GERC (MYT) Regulations, 2016, depreciation of assets financed through consumer contribution, deposit works, and grants should be considered as per Audited Accounts. However, since deferred income on this account has not been claimed under Non-Tariff Income, the depreciation on assets financed through consumer contribution and grants has been deducted.

The Commission, accordingly, approves the depreciation of Rs. 206.07 Crore in the truing up for FY 2018-19.

The deviation of Rs. 33.26 Crore is considered as an uncontrollable loss as the depreciation is dependent on capitalisation.

The Commission, accordingly, approves the gains/ (losses) on account of depreciation in the truing up for FY 2018-19, as detailed in the Table below:

Table 4.23: Depreciation and Gains/Losses approved by the Commission for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing-up	Deviation +(-)	Gains/(Losses) due to Uncontrollable Factors
Depreciation	172.81	206.07	(33.26)	(33.26)

4.7.4 Interest and Finance Charges

Petitioner's Submission

TPL has claimed a sum of Rs. 113.79 Crore towards actual interest expenses in the truing up for FY 2018-19 as detailed in the Table below as against Rs. 83.07 Crore approved in the MYT Order dated 9th June, 2017.

Table 4.24: Interest Expense claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
Addition to GFA		645.76
Less: Deletions from GFA		24.64
Less: SLC Additions		122.92
Capitalisation for Debts		498.20
Normative Debt @ 70%		348.74
Opening Balance of Loans	861.36	1,220.47
Loan addition during the year	198.86	348.74
Repayments	172.81	206.07
Closing Balance of Loans	887.41	1,363.14
Average Loan	874.39	1,291.80
Weighted average rate of interest	9.50%	8.69%
Interest Expense	**83.07**	**112.28**
Other Borrowing Cost	**-**	**1.50**
Total Interest & Finance Charges	**83.07**	**113.79**

The Petitioner has submitted that the GERC (MYT) Regulations, 2016 provide for the calculation of interest expenses on normative basis considering the amount of depreciation as the amount of repayment. The Petitioner has calculated the interest expenses by applying Weighted Average Rate of interest of the actual loan portfolio of the Petitioner during the year on the loan component while repayment has been considered equal to the depreciation of the assets for the year.

The Petitioner has requested the Commission to approve the above-mentioned interest expenses. The variation in interest expenses compared to the approved expenses be treated as uncontrollable as it depends on the quantum of actual capitalization and the variation in the interest rates.

Commission's Analysis

The Commission has considered the normative closing balance of loan for FY 2017-18 as approved by the Commission vide Order dated 24th April, 2019 in Case No. 1764 of 2018 as the normative opening balance of loan of FY 2018-19.

The net additional loan of Rs. 348.74 Crore is in accordance with the requirements of capitalisation and source of funding as approved in the respective section. The repayment is considered equivalent to depreciation of Rs. 206.07 Crore as approved in the section of depreciation. The GERC (MYT) Regulations, 2016 provides for computation of interest on loan on normative basis on the opening balance of loan brought forward from the previous year's closing balance, capitalisation and funding approved during the year.

As per first proviso of the Regulation 38.5 of the GERC (MYT) Regulations, 2016, at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Distribution Licensee shall be considered as the rate of interest.

Accordingly, the Commission sought information such as the actual loan portfolio and computation of weighted average rate of interest, which the Petitioner submitted vide additional submission dated 22nd January, 2020. The Commission has verified the rate of interest of 8.69% claimed by the Petitioner for the actual loan portfolio submitted for FY 2018-19 and found it to be correct.

The Commission sought information on reconciliation of other borrowing cost, which the Petitioner has submitted vide additional details dated 22nd January, 2020. The Petitioner has given a reconciliation with respect to the other borrowing cost of Rs. 1.12 Crore and amortisation of borrowing cost of Rs. 0.72 Crore reported in Note 29 of Annual Accounts, based on which the Petitioner has claimed other borrowing cost of Rs. 1.50 Crore, after deducting Rs. 0.34 Crore against amortisation for FY 2015-16. The Commission accordingly approves the other borrowing cost of Rs. 1.50 Crore as claimed by the Petitioner.

The Commission has computed the interest on loan for FY 2018-19, as detailed in the Table below:

Table 4.25: Interest Expenses approved by Commission during truing up of FY 2018-19

(Rs. Crore)

Particulars	Approved in Truing-Up
Opening Balance of Loan	1,220.47
Addition of Loan due to capitalisation during the year	348.74
Repayment of Loan during the year	206.07
Closing Balance of Loans	1,363.14
Average Balance of Loans	1,291.80
Weighted Average Rate of Interest on Actual Loans (%)	8.69%
Interest Expenses	**112.28**
Finance Charges/Other Borrowing Cost	**1.50**
Total Interest & Finance Charges	**113.79**

The Commission, accordingly, approves the interest and finance charges at Rs. 113.79 Crore in the truing up for FY 2018-19.

As regards the computation of Gains/(Losses), Regulation 22.2 of the GERC (MYT) Regulations, 2016 considers variation in capitalization on account of time and/or cost over-runs/efficiencies in the implementation of capital expenditure project, not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. As per Regulation 24 of the GERC (MYT) Regulations, 2016, if the gain is on account of lower capital expenditure and capitalization, it cannot be attributed to the efficiency of the utility to allow 2/3rd of gains to the utility. Similarly, if the loss is on account of higher capital expenditure and capitalization due to bona-fide reasons beyond the control of utility due to Force Majeure event like Act of God, non-receipt of statutory approval, etc., the utility cannot be penalized by allowing only 1/3rd of the losses in the ARR.

The Commission, accordingly, approves the Gains/(Losses) on account of interest and finance charges in the truing up for FY 2018-19, as detailed in the Table below:

Table 4.26: Interest Expenses and Gains/ (Losses) approved by the Commission for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing-up	Deviation +/(-)	Gains/(Losses) due to Uncontrollable Factors
Interest and Finance charges	83.07	113.79	(30.72)	(30.72)

4.7.5 Interest on Consumer's Security Deposit

Petitioner's Submission

The Petitioner has submitted a sum of Rs. 42.12 Crore towards interest on security deposit in the truing-up for FY 2018-19 as against Rs. 53.58 Crore approved in the MYT Order. The Commission in the MYT Order had approved the interest on security deposit for the Petitioner considering 7.75% interest rate on the average estimated balance of security deposit for FY 2018-19.

The Petitioner has submitted the actual interest expense on security deposit considering the rate of interest of 6.25% paid to consumers based on Bank Rate is submitted in the Table below.

Table 4.27: Interest on Security Deposit claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	MYT Order	Actual
Interest Rate	7.75%	6.25%
Interest on Security Deposit	53.58	42.12

The Petitioner has submitted that the variation in security deposit amount and the variation in interest rate are uncontrollable. Hence, the Petitioner has requested the Commission to treat the variation in interest on security deposit as compared to approved expenses as uncontrollable.

Commission's Analysis

The Commission has verified the actual interest on security deposit and found the same to be as per the annual accounts submitted with the petition.

The Commission, accordingly, approves the interest on security deposit at Rs. 42.12 Crore in the truing up for FY 2018-19.

The deviation of Rs. 11.46 Crore is considered as gain on account of uncontrollable factor as detailed in the Table below:

Table 4.28: Interest on Security Deposit and Gains/Losses approved by the Commission for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing-Up	Deviation +(-)	Gains/(Losses) due to Uncontrollable Factors
Interest on Security Deposit	53.58	42.12	11.46	11.46

4.7.6 Interest on Working Capital

Petitioner's Submission

The working capital requirement is arrived at as per the GERC (MYT) Regulations, 2016. As the working capital requirement is negative, the Petitioner has not claimed any interest on working capital.

Table 4.29: Interest on Working Capital claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed
O&M Expense for 1 month	25.57	26.06
1 % of GFA for Maintenance Spares	47.96	53.36
Receivables for 1 month	434.12	468.71
Less: Security Deposit	691.41	705.05
Working Capital Requirement	-	-
Interest Rate (%)	11.70%	10.89%
Interest on Working Capital	-	-

The Petitioner has submitted that the variation in working capital requirement is primarily on account of variation in actual O&M expenses and receivables. Further, there is a variation in the interest rate applicable to working capital requirement. Accordingly, the Petitioner has requested the Commission to consider the variation in interest on working capital as uncontrollable.

Commission's Analysis

The Commission has computed the working capital requirement of TPL-D (A) as specified in Regulation 40.4 and Regulation 40.5 of the GERC (MYT) Regulations, 2016 read in conjunction with the GERC (MYT) (First Amendment) Regulations, 2016 after considering the security deposit amount available during the year.

TPL-D (A) has considered the working capital interest rate @ 10.89% per annum, being the weighted average 1-year MCLR prevailing during FY 2018-19 plus 250 basis points.

The Commission has verified the weighted average 1-year MCLR during FY 2018-19 from the State Bank of India website to be 8.39%.

The working capital requirement and the interest on working capital is as shown in the Table below:

Table 4.30: Interest on Working Capital approved by the Commission for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing Up
O&M Expense for 1 month	25.57	26.06	26.06
1 % of GFA for Maintenance Spares	47.96	53.36	53.36
Receivables for 1 month	434.12	468.71	490.65
Less: Security Deposit	691.41	705.05	705.05

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing Up
Working Capital Requirement	-	-	-
Interest Rate (%)	11.70%	10.89%	10.89%
Interest on Working Capital	-	-	-

The Commission, accordingly, approves the interest on working capital as NIL in the truing up for FY 2018-19.

4.7.7 Return on Equity

Petitioner's Submission

TPL-D (A) has claimed a sum of Rs. 238.81 Crore towards return on equity @ 14% in the truing up for FY 2018-19 as against Rs. 211.07 Crore approved in the MYT Order dated 9th June, 2017 as detailed in the Table below:

Table 4.31: Return on Equity claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19	
	Approved in the MYT Order	Actual Claimed
Opening Equity	1,465.03	1,631.09
Equity addition during the year	85.23	149.46
Closing Equity	1,550.26	1,780.55
Average of Opening and Closing Equity	1,507.64	1,705.82
Rate of Return on Equity	14%	14%
Return on Equity	**211.07**	**238.81**

TPL-D (A) has submitted that the closing balance of equity has been arrived at considering additional equity equivalent to 30% of the capitalization during the year. The return on equity has been computed by applying the rate of 14% on the average of the opening and closing balance of equity for FY 2018-19.

The Petitioner has requested the Commission to consider the variation in RoE as uncontrollable and allow the same for the purpose of truing-up.

Commission's Analysis

The closing equity as on 31st March, 2018 approved in the Truing up order dated 24th April, 2019 in Case No. 1764 of 2018 has been considered as the opening equity for FY 2018-19. The equity addition during the year is considered at Rs. 149.46 Crore as approved in Table 4.19 above. The rate of return is considered at 14% as per the GERC (MYT) Regulations, 2016 to work out the Return on Equity as shown in the Table below:

Table 4.32: Return on Equity approved by the Commission for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19		
	Approved in the MYT Order	**Actual Claimed**	**Approved in Truing up**
Opening Equity	1,465.03	1,631.09	1,631.09
Equity addition during the year	85.23	149.46	149.46
Closing Equity	1,550.26	1,780.55	1,780.55
Average of Opening and Closing Equity	1,507.64	1,705.82	1,705.82
Rate of Return on Equity	14%	14%	14%
Return on Equity	**211.07**	**238.81**	**238.81**

The Commission, accordingly, approves the Return on Equity at Rs. 238.81 Crore in the truing up for FY 2018-19.

The Return on Equity depends on the amount of capitalization during the year 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 2018-19 as detailed below.

Table 4.33: Return on Equity and Gains/Losses approved in truing up for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation +/(-)	Gains/(Losses) due to Uncontrollable Factors
Return on Equity	211.07	238.81	(27.74)	(27.74)

4.7.8 Income Tax

Petitioner's Submission

While passing the MYT Order, the Commission approved Rs. 97.80 Crore as income tax as per the actuals of FY 2015-16.

For FY 2018-19, the Petitioner has claimed the Income Tax based on the actual tax paid in proportion to the PBT of TPL-D (A). Hence, the total amount claimed under the head of income-tax is Rs. 49.08 Crore.

Table 4.34: Income Tax claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19	
	Approved in the MYT Order	Actual Claimed
Income Tax	97.80	49.08

The Petitioner has requested the Commission to consider the variation in Income Tax as uncontrollable and allow the same for truing up.

Commission's Analysis

The Commission had asked TPL to furnish the details of segregation of income tax paid by TPL in respect of TPL-D (A) along with copies of challans of income tax paid. In its reply, TPL-D (A) submitted that being a single corporate entity, income tax is paid for the company as a whole along with copies of challan of income tax paid for the year. The Petitioner has computed the Income Tax by applying the ratio of PBT and after adjustment of tax credit.

The Commission has verified the PBT figures from the annual accounts for FY 2018-19. The Petitioner has shown a PBT of Rs. 230.68 Crore including Re-measurement of Defined Benefit Plans. The PBT as per standalone financial statement of TPL (including Re-measurement of Defined Benefit Plans) is Rs. 1238.81 Crore and the total tax paid by the Company as a whole is Rs. 274.06 Crore. It is observed that during FY 2018-19, the Petitioner has paid Minimum Alternate Tax (MAT) of 21.5488%, though the effective tax rate works out to be 22.12%.

Applying the MAT rate of 21.5488% on the PBT of TPL-D (A), the income tax for TPL-D (A) works out to be Rs. 49.71 Crore.

It is further observed that the standalone financial statement of the Petitioner also indicates a Tax Credit of Rs. 3.38 Crore. The same has been proportionately passed on to TPL-D (A) in the proportion of PBT of TPL-D (A) vis-à-vis the total PBT of the company. The tax credit to be adjusted for TPL-D (A) works out to be Rs. 0.63 Crore.

The income tax for TPL-D (A), (net of tax credit) as computed above, works out to be Rs. 49.08 Crore considering PBT net of Re-measurement of Defined Benefit Plans and Tax Credit.

The Commission, accordingly, approves the Income Tax at Rs. 49.08 Crore in the truing up for FY 2018-19.

The Commission has treated the Income Tax as an uncontrollable expense and, accordingly, approves the gains/losses on account of Income Tax in the truing up for FY 2018-19, as detailed in the Table below:

Table 4.35: Income Tax and Gains/Losses approved in the truing up for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing Up	Deviation +/(-)	Gains/(Losses) due to Uncontrollable Factors
Income Tax	97.80	49.08	48.72	48.72

4.7.9 Bad Debts Written Off

Petitioner's Submission

The Commission in the MYT order had approved the bad debts of Rs. 4.92 Crore on provisional basis for Ahmedabad supply area. The Petitioner has written off bad debts of Rs. 5.02 Crore during the year, as shown in the Table below.

Table 4.36: Bad Debts Written-off claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19	
	Approved in the MYT Order	Actual Claimed
Bad Debts Written off	4.92	5.02

The GERC (MYT) Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable. Accordingly, the Petitioner has requested to consider the variation in bad debts written off in FY 2018-19 as controllable for sharing of gains/losses in line with the Regulations.

Commission's Analysis

The Petitioner has claimed Rs. 5.02 Crore towards bad debts written off during FY 2018-19 against which the recovery of bad debts made is Rs. 4.53 Crore, as claimed by the Petitioner under Non-Tariff Income. Therefore, the net bad debt written off (Rs. 5.02 Crore minus Rs. 4.53 Crore) is Rs. 0.49 Crore. The Commission has verified the bad debt written off (net) from the Annual Accounts for FY 2018-19.

The Commission, accordingly, approves the bad debts written off at Rs. 5.02 Crore in the truing up for FY 2018-19.

The deviation of Rs. 0.10 Crore in bad debts is considered as controllable factor.

The Commission, accordingly, approves the gains / losses on account of bad debts in the truing up for FY 2018-19 as detailed below:

Table 4.37: Bad Debts Written off and Gains/Losses approved for truing up for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation +/(-)	Gains / (Losses) due to Controllable Factors
Bad Debts Written off	4.92	5.02	(0.10)	(0.10)

4.7.10 Contingency Reserve

Petitioner's Submission

The Commission had allowed token amount towards the contingency reserve for meeting the requirement of unexpected emergent circumstances. Accordingly, the Petitioner has considered the approved values as shown in the following Table:

Table 4.38: Contingency Reserve claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19	
	Approved in the MYT Order	Actual Claimed
Contingency Reserve	0.60	0.60

The Petitioner has requested the Commission to approve the contingency reserve for the purpose of truing up.

Commission's Analysis

The proposed contingency reserve is consistent with the GERC (MYT) Regulations, 2016. Accordingly, the same is approved as shown below.

Table 4.39: Contingency Reserve and Gains/Losses approved for truing up for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation +/(-)	Gains / (Losses) due to Uncontrollable Factors
Contingency Reserve	0.60	0.60	-	-

The Commission, accordingly, approves the contingency reserve at Rs. 0.60 Crore in the truing up for FY 2018-19.

4.7.11 Non-Tariff Income

Petitioner's Submission

The Commission had approved Non-Tariff Income of Rs. 97.72 Crore in the MYT Order dated 9th June, 2017 for FY 2018-19. The actual Non-Tariff Income considered for truing up is Rs. 47.25 Crore.

In the previous Control Period, the Petitioner had considered the treatment towards income and expense of bad debts on similar lines as per the Hon'ble APTEL Judgment, wherein, the variation in recovery of bad debts was considered as controllable.

However, the GERC (MYT) Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable, while variation in bad debts recovery is to be considered as uncontrollable. Therefore, the Petitioner has considered the entire variation in bad debts recovery in FY 2018-19 as uncontrollable for sharing of gains/losses in line with the Regulations. However, the Petitioner has requested the Commission to revisit the provision related to bad debts recovery and expenses.

Table 4.40: Non-Tariff Income claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	FY 2018-19	
	Approved in the MYT Order	Actual Claimed
Non-Tariff Income	97.72	47.25

The Petitioner has submitted that the variation in non-tariff income as detailed above has been considered as uncontrollable. Accordingly, it has requested the Commission to allow above variation in Non-Tariff Income as uncontrollable for the purpose of truing up.

Commission's Analysis

The Non-Tariff Income is specified in Regulations 89 and 97 of the GERC (MYT) Regulations, 2016, which includes various items such as income from sale of scrap, income from statutory investment, interest on advances to supplier/contractor, etc.

The Commission observes that the Non-Tariff Income claimed by the Petitioner for FY 2018-19 is Rs. 47.25 Crore. The Non-Tariff Income as per the Annual Accounts is Rs. 96.45 Crore. The Petitioner has reduced the Insurance Claim Receipt (Rs. 0.02 Crore) and Amortisation of Deferred Revenue (Rs. 41.73 Crore). The Petitioner has included recovery from bad debts of Rs. 4.53 Crore in the Non-Tariff Income to arrive at claimed figure of Rs. 47.25 Crore.

As discussed in the section on O&M expenses, Insurance Claim Receipt has been considered as a part of Non-Tariff Income.

The Commission, accordingly, approves the Non-Tariff Income of Rs. 47.27 Crore for FY 2018-19.

The Commission, accordingly, approves the gains/(losses) on account of Non-Tariff Income in the truing up for FY 2018-19 as detailed below:

Table 4.41: Non-Tariff Income and Gains/(Losses) approved for truing up for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation +/(-)	Gains / (Losses) due to Uncontrollable Factors
Non-Tariff Income	97.72	47.27	50.45	50.45

4.7.12 Revenue from Sale of Power

Petitioner's Submission

The Petitioner has submitted the revenue from sale of power as Rs. 5,624.47 Crore as the revenue from sale of power in the truing up for FY 2018-19 as detailed in the Table below.

Table 4.42: Revenue from Sale of Power claimed by TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	Actual Claimed
Revenue from Sale of Power	5,624.47

Commission's Analysis

The Commission has verified the revenue from sale of power from the annual accounts for FY 2018-19. The Commission has considered the revenue from sale of power as reflecting in the Note 26 of the audited accounts for FY 2018-19 i.e. Rs. 5,887.83 Crore (excluding discount on prompt payment of bills). The Commission notes that the Petitioner has claimed total tax on this total revenue of Rs. 49.08 Crore in the section on Income Tax. The same has been considered by the Commission based on the verification of the actual income tax challans submitted by the Petitioner for FY 2018-19.

The Commission, accordingly, in accordance with the GERC (MYT) Regulations, 2016 approves the revenue from sale of power at Rs. 5,887.83 Crore in the truing up for FY 2018-19.

4.7.13 Gains/Losses under truing up for FY 2018-19

The Commission has reviewed the performance of TPL-D (A) under Regulation 22 of the GERC (MYT) Regulations, 2016, for FY 2018-19. The Commission has computed the gain / loss for FY 2018-19 based on the truing up for each of the components discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the MYT, and the actuals claimed in truing up, approved for truing up, Gains/ (Losses) computed in accordance with the GERC (MYT) Regulations, 2016 are as given in the Table below:

Table 4.43: ARR approved in respect of TPL-D (A) in the truing up for FY 2018-19

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing Up	Over (+) / Under (-) recovery	Controllable Gain / (Loss)	Uncontrollable Gain / (Loss)
Power Purchase	3,947.68	4,888.04	4,873.70	(926.02)	66.57	(992.59)
O&M Expenses	306.87	312.77	312.79	(5.92)	(3.42)	(2.50)
Depreciation	172.81	206.07	206.07	(33.26)	-	(33.26)

Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing Up	Over (+) / Under (-) recovery	Controllable Gain / (Loss)	Uncontrollable Gain / (Loss)
Interest and Finance Charges	83.07	113.79	113.79	(30.72)	-	(30.72)
Interest on Security Deposit	53.58	42.12	42.12	11.46	-	11.46
Interest on Working Capital	0.00	0.00	-	-	-	-
RoE	211.07	238.81	238.81	(27.74)	-	(27.74)
Bad debts Written off	4.92	5.02	5.02	(0.10)	(0.10)	-
Contingency Reserve	0.60	0.60	0.60	-	-	-
Income Tax	97.80	49.08	49.08	48.72	-	48.72
Less: Non-Tariff Income	97.72	47.25	47.27	50.45	-	50.45
ARR	**4,780.68**	**5,809.06**	**5,794.71**	**(1,014.03)**	**63.05**	**(1,077.08)**

4.7.14 Sharing of Gains / Losses for FY 2018-19

The Commission has shared the gains/losses on account of controllable and uncontrollable factors in accordance with Regulation 23 of the GERC (MYT) Regulations, 2016.

The relevant Regulations are extracted below:

"Regulation 23. Mechanism for pass-through of gains or losses on account of uncontrollable factors

23.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or SLDC 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 SLDC or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

23.2 The Generating Company or Transmission Licensee or SLDC or Distribution Licensee shall submit such details of the variation between expenses incurred and revenue earned and the figures approved by the Commission, in the prescribed format to the Commission, along with the detailed computations and supporting documents as may be required for verification by the Commission.

23.3 Nothing contained in this Regulation 23shall 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 24. Mechanism for sharing of gains or losses on account of controllable factors

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

(a) One-third of the amount of such gain shall be passed on as a rebate in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6;

(b) 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 SLDC or Distribution Licensee.

24.2 The approved aggregate loss to the Generating Company or Transmission Licensee or SLDC 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 stipulated in the Order of the Commission under Regulation 21.6; and

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

The trued up ARR for FY 2018-19 as claimed by TPL-D (A) and as approved by the Commission is summarized in the Table below:

Table 4.44: Approved Trued up ARR incl. Gains/(Losses) for TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars		Actual Claimed	Approved in Truing Up
ARR as per MYT	(a)	4,780.68	4,780.68
Gains/(Losses) due to Uncontrollable Factors	(b)	(1,091.64)	(1,077.08)
Gains/(Losses) due to Controllable Factors	(c)	63.27	63.05
Pass through as tariff	d= -(1/3rd of c+ b)	1,070.55	1,056.07
Trued-up ARR	**e= a + d**	**5,851.23**	**5,836.75**

The Petitioner has requested the Commission to consider an amount of Rs. 543.43 Crore as revenue towards recovery of earlier years' approved Gap/(Surplus) as per the Commission's orders dated 31st March, 2018 (read with APTEL judgement dated 4th October, 2019) and 19th August, 2019 including the corresponding impact for subsequent periods.

The Petitioner has further submitted that it has considered an adjustment of Rs. (0.58) Crore in the amount of Gap based on the outcome of Third-Party Audit carried out by the audit agency appointed by the Commission as per Commission's order dated 24th April, 2019.

The Petitioner has also submitted that inadvertently, the Delayed Payment Charges for FY 2016-17 of Rs. 8.94 Crore had been considered as part of ARR for FY 2016-17. Thus, the delayed payment charges were considered in the tariff determination process but inadvertently given an erroneous treatment contrary to the applicable Regulations. Therefore, the Petitioner has requested the Commission to allow the correct treatment of Rs. 8.94 Crore in the earlier years' gap.

The Commission sought further break-up of the revenue of Rs. 543.43 Crore considered towards recovery of earlier years' approved Gap/(Surplus). The Petitioner vide additional details dated 22nd January, 2020 submitted the further break-up of the same (Rs. 332.32 Crore + Rs. 211.11 Crore = Rs. 543.43 Crore). The same is as shown below.

Table 4.45: Break-up of Revenue towards recovery of earlier years approved Gap/(Surplus) for TPL-D (A) claimed for FY 2018-19

(Rs. Crore)

Particulars	As claimed
Gap/(Surplus) of FY 2016-17	330.42
DSM	1.9
Total	**332.32**

Table 4.46: Break-up of Carrying Cost and Other Consequential Orders / Directions for TPL-D (A) claimed for FY 2018-19

(Rs. Crore)

Particulars	As claimed
Carrying Cost (Earlier Years')	46.43
GERC audit	(0.58)
Delayed Payment Charges for FY 2016-17	8.94
APTEL judgement in A. No. 257/2016	15.70
APTEL judgement in A. No. 246/2017	140.62
Total	**211.11**

The Commission analysed the above submitted details. The Commission has allowed the recovery of the past gap as claimed by the Petitioner after due diligence.

The revenue gap claimed and approved for TPL-D (A) for FY 2018-19 is detailed in the Table below:

Table 4.47: Approved Revenue Gap for TPL-D (A) for FY 2018-19

(Rs. Crore)

Particulars	Actual Claimed	Approved in Truing Up
Trued up ARR	5,851.23	5,836.75
Revenue	5,624.47	5,887.83
Less: Revenue towards recovery of earlier years Approved Gap/(Surplus)	543.43	332.32
Balance Revenue	5,081.04	5,555.51
Gap/(Surplus)	**770.19**	**281.24**

Accordingly, the Commission now considers the trued-up Revenue Gap of Rs. 281.24 Crore for FY 2018-19, for determination of tariff for FY 2020-21.

The Commission has dealt with Rs. 211.11 Crore (as per Table 4.46) on account of carrying cost and other consequential orders / directions for TPL-D (A) claimed for FY 2018-19 in the next Chapter while deciding tariff for FY 2020-21.

The Commission is allowing quarterly power purchase difference in revenue of TPL based on its submissions. The carrying cost is to be allowed principally only on the actual gap of a particular year during the true-up and it should not be compounded, which ultimately leads to increase in burden on the consumers. Hence, the Commission has allowed carrying cost at the weighted average SBI Base Rate on the outstanding actual gap of truing up of FY 2020-21.

The Commission in its MYT Regulations, 2016 has prescribed that the carrying cost to be allowed on the amount of revenue gap or revenue surplus for the period from the date on which such gap / surplus has become due, calculated on the simple interest basis at the weightage average SBI Base Rate for the relevant year, subject to prudence check and submission of documentary evidence for having incurred for carrying cost in the year during which revenue gap remains.

The principle of carrying cost as also deliberated in Hon'ble APTEL's Order dated 4th October, 2019 in Appeal Nos. 246 & 247 of 2017 is that, it is to be allowed on the revenue gap as a result of legitimate expenditure in the true-up to the Distribution Company by the Commission after verifying all the expenses / revenue as per the audited accounts against the approved one. In case of any gap, recovery of the same is allowed as carrying cost, as per well settled financial principles.

The Commission has the practice of allowing FPPPA in each quarter in case of any increase in power purchase cost to that approved for all licensees including TPL. This is a regular exercise and accordingly 85% of the ARR is true-up quarterly and there is generally no gap left at the time of true-up exercises. Therefore, in the present truing up exercise, the Commission is allowing carrying cost on past year gap only and not allowing carrying cost on the carrying cost. This step is being taken so as to balance the interests of licensee as well as of the consumers.

5 Determination of Tariff for FY 2020-21

This Chapter deals with the determination of revenue gap/surplus, as well as consumer tariff for the FY 2020-21.

The Commission has considered the ARR approved in the MTR Order dated 24th April, 2019 for FY 2020-21 and the adjustment on account of True-up for FY 2018-19, while determining the revenue gap/(surplus) for FY 2020-21.

5.1 Gap/(Surplus) for FY 2020-21

Petitioner's Submission

The Petitioner has submitted that while passing the mid-term review order dated 24th April, 2019 in Case No. 1764 of 2018 for the balance control period of FY 2019-20 & FY 2020-21, the Commission had approved the revised ARR for Ahmedabad supply area. The same has accordingly been considered by the Petitioner, as detailed in the Table below.

Table 5.1: Approved ARR of TPL-D (A) for FY 2020-21

(Rs. Crore)

Sr. No.	Particulars	ARR for FY 2020-21
1	Power Purchase Expense	4,343.92
2	O&M Expenses	342.97
3	Depreciation	212.81
4	Interest on Long term Loan	156.68
5	Interest on Security Deposits	49.67
6	Interest on Working Capital	0.00
7	Bad Debts Written off	4.70
8	Income Tax	83.40
9	Contingency Reserve	0.60
10	Return on Equity	292.96
13	Non-Tariff Income	57.82
14	**Aggregate Revenue Requirement**	**5,429.89**

The Petitioner has submitted that the Revenue for FY 2020-21, arrived at considering sales and existing tariff and revenue from Open Access charges. The ARR of TPL-D (A) for FY 2020-21 is Rs. 5,429.89 Crore. Accordingly, the Petitioner has arrived at the surplus of Rs. 171.22 Crore, as shown in the Table below:

Table 5.2: Projected Revenue Gap/(Surplus) of TPL-D (A) for FY 2020-21 (Rs. Crore)

Particulars	Claimed by TPL-D (A)
ARR for FY 2020-21	5,429.89
Revenue from sale of power including FPPPA revenue @ Rs.1.38 per unit	5,590.41
Revenue from OA charges	10.70
Surplus	**(171.22)**

The Petitioner submitted that as per the GERC (Demand Side Management) Regulations, 2012, TPL had formulated and submitted to the Commission a DSM Plan for the licence areas of Ahmedabad, Gandhinagar and Surat. The Commission had approved Rs. 4.45 Crore for TPL-D (A). The Petitioner submitted that it has not incurred any expenses towards the DELP programme, as it has not yet received any invoices. Accordingly, the Petitioner has not incurred any expenditure towards DSM during FY 2018-19.

The Petitioner has also submitted that that there has been an increase in employee expenses owing to change in law resulting in variation in the employee expenses. The Petitioner has submitted that the said notification is a change in law in terms of Regulations 2(15) of the GERC (MYT) Regulations, 2016 and has resulted in the increase in Employee Cost by Rs. 9.80 Crore for TPL-D (A) and Rs. 5.86 Crore for TPL-G (APP) for FY 2017-18. Accordingly, the Petitioner has requested the Commission to allow the consequential effect on account of change in law as uncontrollable in addition to the trued up ARR of FY 2018-19 of TPL-D (A).

The Petitioner has calculated carrying cost for the Gap/(Surplus) of FY 2018-19 including pending claims which works out to Rs. 164.20 Crore for TPL-D (A) as per the methodology approved / specified by the Commission. The Petitioner has, therefore, requested the Commission to consider the aforementioned outstanding amount in addition to the Gap/(Surplus) of FY 2018-19 and FY 2020-21 for the purpose of determination of tariff for FY 2020-21.

The Petitioner has submitted that the carrying cost of past periods kept in abeyance by the Commission should be allowed to be recovered as carrying cost charge upon decision of the Hon'ble APTEL.

Based on the above, the Petitioner has calculated the cumulative Gap/(Surplus) of FY 2020-21 for determination of tariff as under:

Table 5.3: Projected Cumulative Revenue Gap/ (Surplus) for determination of tariff for TPL-D (A) for FY 2020-21 (Rs. Crore)

Particulars	Claimed by TPL-D (A)
Gap/ (Surplus) of FY 2018-19	770.19
Carrying Cost	164.20
DSM	-
Impact of Change in law pertaining to FY 2017-18	9.26
Gap/(Surplus) of FY 2020-21	(171.22)
Cumulative Gap/ (Surplus) to be recovered through tariff	**772.43**

The Petitioner has submitted that the recovery of the said cumulative gap of Rs. 772.43 Crore in one year would have necessitated higher increase in tariff during FY 2020-21. However, in order to insulate the consumers from the cumulative impact of the past under-recoveries in a single year, the Petitioner has proposed to recover part of the cumulative gap by increase in tariff of Rs. 0.21 per unit only.

The Petitioner has further proposed to spread the recovery of the balance cumulative gap with effect from 1st April, 2020 by way of Regulatory Charge @ Rs. 0.35 per unit over a period of two years with necessary adjustment of cost due to deferment of recovery.

Commission's Analysis

The Commission has approved various components of the ARR for FY 2020-21 as per its order dated 24th April, 2019. The Commission has independently verified the revenue for TPL-D (A) for FY 2020-21 from projected category-wise sales and existing tariff, i.e. the tariff approved by the Commission for FY 2019-20 vide Order dated 24th April, 2019 in Petition No. 1764 of 2018 and considered the revenue from existing tariff of Rs. 5590.41 Crore for FY 2020-21.

The Commission has also considered the revenue receivable from the Open Access consumers through Cross Subsidy Surcharge, Transmission Charges, and Wheeling Charges, and the same has been factored in the total revenue receivable by the Petitioner. This has resulted in surplus of Rs. 171.22 Crore, as shown in the Table below:

Table 5.4: Approved Revenue Gap/ (Surplus) of TPL-D (A) for FY 2020-21 at Existing Tariff

(Rs. Crore)

Particulars	Claimed	Approved
ARR for FY 2020-21	5,429.89	5,429.89
Less:		
Revenue from Sale of Power at Existing Tariff including FPPPA for FY 2020-21	5,590.41	5,590.41
Revenue from Open Access Charges	10.70	10.70
Total Revenue	5,601.11	5,601.11
Gap/(Surplus)	**(171.22)**	**(171.22)**

Note: Base FPPPA of Rs. 1.38/unit has been considered for computing the revenue from sale of power at existing tariff

In Chapter 4, the Commission has approved the Revenue Gap after true-up for FY 2018-19 as Rs. 281.24 Crore as against Rs. 770.19 Crore claimed by the Petitioner.

The summary of Cumulative Revenue Gap/(Surplus) for determination of tariff for FY 2020-21 approved by the Commission is shown in the following Table:

Table 5.5: Approved Cumulative Revenue Gap/ (Surplus) of TPL-D (A) for FY 2020-21 at Existing Tariff

(Rs. Crore)

Particulars	Claimed	Approved
Gap/(Surplus) of FY 2018-19	770.19	281.24
DSM	-	-
Impact of change in law pertaining to FY 2017-18	9.26	9.26
Gap/(Surplus) of FY 2020-21	(171.22)	(171.22)
Cumulative Gap/(Surplus) to be recovered through tariff	**608.23**	**119.27**

Thus, as against the cumulative revenue gap of Rs. 608.23 Crore projected by TPL-D (A) without Carrying Cost, the Commission has approved cumulative revenue gap of Rs. 119.27 Crore for FY 2020-21.

The Petitioner has requested to consider the carrying cost of Rs. 164.20 Crore on the Revenue Gap of FY 2018-19 including pending claims in the tariff. The Commission has considered the recovery of carrying cost on the revenue gap of Rs. 281.24 Crore for FY 2018-19 which is Rs. 47.19 Crore, as per GERC (MYT) Regulations, 2016, as mentioned in Table below:

Table 5.6: Break-up of Carrying Cost and Other Consequential Orders / Directions for TPL-D (A) approved for FY 2020-21

(Rs. Crore)

Particulars	Approved
Carrying Cost (Earlier Years')	46.43
GERC audit	(0.58)
Delayed Payment Charges for FY 2016-17	8.94
APTEL judgement in A. No. 257/2016	15.70
APTEL judgement in A. No. 246/2017	140.62
Sub-total	**211.11**
Carrying Cost for FY 2018-19 (on Rs. 281.24 Crore) *	47.19
Total	**258.30**

* At weighted average rate of 8.39% (SBI Base Rate for the period)

The Commission allows Carrying cost of earlier years' along with other pending dues and payment towards the Hon'ble APTEL's Orders as mentioned in the Table above, which is Rs. 258.30 Crore.

The Commission is allowing quarterly power purchase difference in revenue of TPL based on its submissions. The carrying cost is to be allowed principally only on the actual gap of a particular year during the true-up and it should not be compounded, which ultimately leads to increase in burden on the consumers. Hence, the Commission has allowed carrying cost at the weighted average SBI Base Rate on the outstanding actual gap of truing up of FY 2020-21.

The Commission in its GERC (MYT) Regulations, 2016 has prescribed that the carrying cost to be allowed on the amount of revenue gap or revenue surplus for the period from the date on which such gap / surplus has become due, calculated on the simple interest basis at the weightage average SBI Base Rate for the relevant year, subject to prudence check and submission of documentary evidence for having incurred for carrying cost in the year during which revenue gap remains.

The principle of carrying cost as also deliberated in Hon'ble APTEL's Order dated 4th October, 2019 in Appeal Nos. 246 & 247 of 2017 is that, it is to be allowed on the revenue gap as a result of legitimate expenditure in the true-up to the Distribution Company by the Commission after verifying all the expenses / revenue as per the audited accounts against the approved one. In case of any gap, recovery of the same is allowed as carrying cost, as per well settled financial principles.

The Commission has the practice of allowing FPPPA in each quarter in case of any increase in power purchase cost to that approved for all licensees including TPL. This is a regular exercise and accordingly 85% of the ARR is true-up quarterly and there is generally no gap left at the time of true-up exercises. Therefore, in the present truing up exercise, the Commission is allowing carrying cost on past year gap only and not allowing carrying cost on the carrying cost. This step is being taken so as to balance the interests of licensee as well as of the consumers.

The Commission allows balance surplus of Rs. 253.89 for FY 2020-21 at revised tariff as mentioned in the Table below:

Table 5.7: Approved Cumulative Revenue Gap / (Surplus) of TPL-D (A) for FY 2020-21 at Revised Tariff

(Rs. Crore)

Particulars	Claimed	Approved
Cumulative Gap/(Surplus) to be recovered through tariff for FY 2020-21	608.23	119.27
Less:		
Additional revenue from sale of power at revised tariff including FPPPA @ Rs. 1.82 per unit for FY 2020-21	-	(373.16)
Balance Gap/(Surplus)	608.23	**(253.89)**

In order to balance the interest of all stakeholders i.e. licensee and consumers as explained in above para, the Commission, for the time being, revises base FPPPA to Rs. 1.82 / kWh for FY 2020-21 to recover the cumulative gap of Rs. 119.27 Crore and carrying cost along with other consequential amount of Rs. 258.30 Crore as listed in Table 5.6, and thus approves additional revenue of Rs. 373.16 Crore for TPL-D (A).

Table 5.8: Approved Net Gap / (Surplus) of TPL-D (A) for FY 2020-21

(Rs. Crore)

Particulars	Approved
Approved Cumulative Revenue Gap / (Surplus) of TPL-D (A) for FY 2020-21 at revised tariff	(253.89)
Carrying Cost and Other Consequential Orders / Directions for TPL-D (A) approved for FY 2020-21	258.30
Approved Net Gap / (Surplus) of TPL-D (A) for FY 2020-21	**4.41**

Thus, the Commission allows the net gap of Rs. 4.41 Crore for FY 2020-21 for TPL-D (A).

6 Compliance of Directives

6.1 Earlier Directives

a) 'Demand Response' measures and Action Plan

"It is required to match the electricity demand curve with the availability of electricity supply and in order to optimise the overall cost of electricity supply to consumers and to move towards recovery of cost of supply according to time of use of electricity supply, Commission would like to introduce Demand Response measures. Accordingly, the Distribution Licensee is directed to initiate a study for implementing 'Demand Response' measures and submit its Action Plan accordingly.''

In the last tariff order dated 24th April, 2019, the Petitioner was directed to expedite the appointment of Consultant and submit the Action Plan at the earliest.

Compliance

The Petitioner has submitted that it has already submitted the detailed report to the Commission.

Commission's Comments:

The Commission has noted the submission of the Petitioner.

b) Power Purchase Strategy (Planning):

"TPL-D (A) shall endeavour to instil the 'least-cost planning' by studying objectively all potential alternatives of sources of power or combinations thereof in dynamic real-world scenarios, particularly with respect to agreements/arrangements for Bilateral, Power Exchange and SUGEN which maximizes consumers' benefits while minimizing the power purchase costs. The Petitioner is directed to submit a quarterly note, detailing the approach taken for quarterly Power Purchase, along with its FPPPA submissions.''

Compliance

The Petitioner has submitted that it is submitting its note on power purchase strategy on quarterly basis before the Commission.

Commission's Comments:

TPL has submitted quarterly details of short-term power purchase through bilateral contracts through competitive bidding process and has purchased power ranging from

350 MW to 500 MW on monthly basis apart from its long-term PPA with AMGEN and SUGEN. The Commission has noted the submission of the Petitioner.

c) Details of Capital Expenditure and Capitalization:

"TPL-D (A) shall furnish details about ongoing capital investment plan for all EHV schemes with the physical targets for current and remaining year of the control period by 30th June, 2019. The Petitioner shall seek a prior approval for capital expenditure on proposed EHV schemes provisionally considered in this Order, furnishing the details about project cost, sources of fund, its usefulness, timelines, technical significance, supplier / vendor selection mechanism etc.

The Petitioner shall also submit a quarterly report, describing the position of actual Capex for each EHV scheme with the target date and actual commissioning for physical verification/examination within one month of the completion of the relevant quarter.''

Compliance

The Petitioner has submitted that it is submitting its report on actual capital expenditure incurred for each EHV scheme on quarterly basis.

Commission's Comments:

The Commission has noted the submission of the Petitioner.

6.2 Fresh Directives

Directive 1: Controlling the Price of Power Purchase

TPL shall endeavour to plan its power purchase through long and medium term contracts to enable least cost strategy. TPL shall endeavour to manage its imported and domestic fuel supply in the most optimal way and it must take advantage of the present global scenario for availability of cheaper gas / coal at the appropriate time so as to reduce the power purchase cost in future.

The Petitioner is directed to submit its plan for the next year and submit quarterly report on the purchase of imported fuel along with the necessary documents (copy of the agreement)

Directive 2: Load Flow for Validation of Capital Expenditure and Capitalization

The GERC Regulations allows the CAPEX to be passed through in tariff as and when the assets are put to use, after prudence check. Accordingly, the Petitioner is directed to keep a proper record of all the EHV assets which is approved for capitalization during FY 2019-20 along with the necessary details, including date of commissioning / testing, date of loading (maximum and minimum during the period), time and cost overrun with respect to the approved projections. TPL shall submit the progress and details to the Commission every quarter.

Directive 3: Long-term Power Procurement Plan along-with RPO Commitments

The Commission has declared RPO target for different licensees. Since, power from renewable is now becoming cheaper and available, TPL is directed to design optimal long-term mixed power purchase availability and planning for the next 10 years. TPL is directed to carry out a detailed study of the load growth and power requirement for the next decade and accordingly strategy to meet the requirement from conventional and RE sources till FY 2029-30. TPL is directed to submit the report by December, 2020.

7 Fuel and Power Purchase Price Adjustment

7.1 Fuel Price and Power Purchase Price Adjustment

The Commission in Case No. 1309 of 2013 and 1313 of 2013 vide its order dated 29th October, 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.

7.2.1 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for TPL-D including fixed cost, variable cost, etc. from the various sources for FY 2020-21 in this Order as given in the Table below:

Table 7.1: Approved power purchase cost per unit for FY 2020-21

Year	Total Energy Requirement (MUs)	Approved Power Purchase Cost (Rs. Crore)	Power Purchase Cost per unit (Rs./kWh)
FY 2020-21	12781.52	6089.06	4.77

Thus, the base Power Purchase cost for TPL-D is Rs. 4.77 / kWh for FY 2020-21.

The Commission notes that in the last tariff order, the Commission had approved base FPPPA of Rs. 1.38 / kWh for TPL-D (A) for FY 2019-20. The Commission has analysed the cumulative revenue gap/(surplus) position of TPL-D (A) for FY 2020-21 in Chapter 5. The Commission observes that the cumulative revenue gap of TPL-D (A) for FY 2020-21 is Rs. 119.27 Crore for FY 2020-21. The Commission has, for the time being, allowed to revise base FPPPA charge to Rs. 1.82 / kWh, subject to ceiling limit of present FPPPA of Rs. 2.11 / kWh for FY 2020-21, for recovery of cumulative gap of Rs. 119.27 Crore and carrying cost along with other consequential amount of Rs. 258.30 Crore as listed in Table 5.6.

TPL-D (A) 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, subject to ceiling limit of present FPPPA rate i.e. Rs. 2.11 / kWh.

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

Any change in FPPPA rate shall be with the approval of the Commission.

8 Wheeling Charges and Cross Subsidy Surcharge

8.1 Wheeling charge

Petitioner's Submission

The Petitioner has submitted that Regulation 87 of the GERC (MYT) Regulations, 2016 stipulates that the ARR be segregated as per the allocation matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business for determination of wheeling charges. The allocation of expenditure to wheeling and retail supply business is based on the consideration that the distribution infrastructure up to the service line is part of the wheeling business and the distribution infrastructure from service line to consumer premises is a part of the retail supply business.

The allocation matrix as specified by the Commission for segregation of expenses between Wires and Supply business is as shown in the Table below:

Table 8.1: Allocation Matrix for segregation of Wheeling and Retail Supply submitted by the Petitioner for FY 2020-21

Sr. No.	Particulars	Wires Business (%)	Retail 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 Security Deposits	10%	90%
8	Bad Debts 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%

Based on the above allocation matrix TPL-D (A) has segregated the ARR of Ahmedabad Supply Area for Wires and Supply business as under:

Table 8.2: Segregation of ARR into Wires and Supply Business for FY 2020-21

(Rs. Crore)

Particulars	Wires Business	Retail Business
Power Purchase Expenses	0.00	4,343.92
Employee Expenses	86.38	57.59
Administrative & General Expenses	47.73	47.73
Repair & Maintenance Expenses	93.19	10.35
Depreciation	191.53	21.28
Interest on Loan	141.01	15.67
Interest on Security Deposit	4.97	44.70
Interest on Working Capital	0.00	0.00
Bad Debts Written off	0.00	4.70
Income Tax	75.06	8.34
Contingency Reserve	0.60	0.00
Return on Equity	263.66	29.30
Non-Tariff Income	5.78	52.04
Aggregate Revenue Requirement	**898.35**	**4,531.54**

The Petitioner has submitted that the above segregated ARR has been considered to determine the Wheeling Charges and Cross-Subsidy Surcharge for FY 2020-21.

Commission's Analysis

The Commission, in order to compute the Wheeling Charges and Cross-Subsidy Surcharge, has considered the allocation matrix between the Wheeling and Retail Supply Business as per the GERC (MYT) Regulations, 2016.

Based on the ARR approved by the Commission, the allocation matrix thereof as provided in the GERC (MYT) Regulation, 2016, the ARR approved for Wires and Retail Supply Business for FY 2020-21 is shown in the Table below:

Table 8.3: Approved Segregation of ARR into Wires and Supply Business for FY 2020-21

(Rs. Crore)

Particulars	Wires Business	Retail Business
Power Purchase Expenses	0.00	4,343.92
Employee Expenses	86.38	57.59
Administrative & General Expenses	47.73	47.73
Repairs & Maintenance Expenses	93.19	10.35
Depreciation	191.53	21.28
Interest on Loan	141.01	15.67
Interest on Security Deposit	4.97	44.70

Particulars	Wires Business	Retail Business
Interest on Working Capital	0.00	0.00
Bad Debts	0.00	4.70
Income Tax	75.06	8.34
Contingency Reserve	0.60	0.00
Return on Equity	263.66	29.30
Non-Tariff Income	5.78	52.04
Aggregate Revenue Requirement	**898.35**	**4,531.54**

8.1.1 Determination of Wheeling Charges

Petitioner's Submission

The Petitioner has submitted that the GERC (MYT) Regulations, 2016 specifies that the Wheeling Charges shall be determined based on the ARR allocated to the Wheeling Business. The Petitioner has computed the Wheeling Charges based on the allocation of ARR of distribution business, in accordance with the GERC (MYT) Regulations, 2016.

The Petitioner submitted that Distribution Wires are identified as carrier of electricity from generating station or transmission network to consumer point. The consumption at a particular voltage level requires network at that voltage level and also at all higher voltage levels. Thus, consumption at the lower voltages should contribute to the cost of the higher voltage levels also. However, the consumers connected to the higher voltages would not be utilizing the services of the lower voltage level and hence, would not be required to contribute to the recovery of cost of lower voltage level.

Based on the above approach, the ARR for the Wheeling Business has been apportioned to HT and LT voltage in two steps as under:

- Apportioning the ARR of Wheeling Business to HT and LT voltage level;
- Apportioning the ARR of the HT voltage level again between HT and LT voltage level

The ARR is apportioned between the HT and LT Voltage level in proportion to the ratio of the closing GFA for FY 2018-19. Further, the HT voltage level ARR is further proposed to be segregated between HT and LT voltage levels.

The Petitioner has submitted that the GFA (excluding assets related to retail supply i.e. SLC and Meters) for Ahmedabad & Gandhinagar Supply Areas as on 31st March, 2019 is Rs. 4,726.26 Crore. In case of Ahmedabad & Gandhinagar Supply Area, the

GFA identified for HT & LT business are Rs. 3,152.09 Crore & Rs. 1,574.17 Crore, respectively. The ratio of HT assets to LT assets is 67:33, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.

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

The system peak demand for Ahmedabad and Gandhinagar Supply Area for FY 2018-19 was 1,906.10 MW. In case of Ahmedabad & Gandhinagar Supply Area, the contract demand for all the HT consumers is about 723.02 MW. Assuming that 85% of the contract demand of HT consumers contributes to the system peak demand, the total demand of LT contributing to the system peak is computed as 1,291.53 MW.

To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the wheeling charges determined in terms of Rs/kWh/Month has been tabulated as below:

Table 8.4: Wheeling Charges proposed by TPL-D (A) for FY 2020-21

Particulars	Value
First Level Segregation of ARR (in Rs. Crore)	
HT Voltage	599.14
LT Voltage	299.21
Total	**898.35**
Second Level Segregation of ARR (in Rs. Crore)	
HT Voltage	193.18
LT Voltage	705.18
Total	**898.35**
Wheeling Charge (in Rs/ kWh)	
HT Voltage	0.87
LT Voltage	1.12

The Petitioner has further submitted that an open access consumer will also have to bear the following wheeling losses in addition to the wheeling charges:

Table 8.5 : Proposed Wheeling Losses for TPL-D (A) for FY 2020-21

Category	Value
HT Category	4.00%
LT Category	7.50%

Commission's Analysis

The Commission has determined the ARR of the Wires Business for FY 2020-21 in the earlier section, as Rs. 898.35 Crore.

The ARR is apportioned between the HT and LT Voltage level in the ratio of 67:33, which is the ratio of GFA of HT: LT for FY 2018-19.

The system peak demand for TPL-D (A) for FY 2018-19 was 1,906.10 MW. The contract demand for all the HT consumers is about 723.02 MW. Assuming that 85% of the contract demand of HT consumers contributes to the system peak demand, the HT demand contributing to the system peak works out to 614.57 MW. The balance contribution to the system peak has been considered against LT demand, which works out to 1,291.53 MW.

To determine the Wheeling Charges for the HT and LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the Wheeling Charge determined in terms of Rs/kWh is shown in the Table below:

Table 8.6: Wheeling Charges for TPL-D (A) for FY 2020-21

Particulars	Approved
First Level Segregation of ARR (in Rs. Crore)	
HT Voltage	599.14
LT Voltage	299.21
Total	**898.35**
Second Level Segregation of ARR (in Rs. Crore)	
HT Voltage	193.18
LT Voltage	705.18
Total	**898.35**
Wheeling Charge (in Rs/ kWh)	
HT Voltage	0.87
LT Voltage	1.12

The Commission has accordingly approved the wheeling charges for HT and LT voltages as shown in the Table above.

The Commission approves the following losses for Open Access consumers in addition to the Wheeling Charges:

Table 8.7 : Wheeling Losses approved for Open Access consumers for TPL-D (A)

Category	In %
HT Category	4.00%

8.2 Cross Subsidy Surcharge

Petitioner's Submission

The Petitioner has submitted that as per the principles enunciated in the amendment in the National Tariff Policy, the cross subsidy surcharge is to be computed based on Pooled Power Purchase cost. Further, the principles laid out in the Tariff Policy amply clarify to compensate the distribution licensee for the existing level of cross-subsidization.

The Petitioner has proposed the cross subsidy for HTMD-1, HTMD-2 and HTMD-Metro category consumer as 154 Paisa/kWh, 161 Paisa/kWh and 66 Paisa/kWh respectively, as shown in the Table below.

Table 8.8 : Proposed Cross Subsidy Surcharge payable for Open Access Consumers in TPL-D (A) for FY 2020-21

Particulars	HTMD-1	HTMD-2	HTMD Metro
T - Tariff for HT Category (Rs./kWh)*	7.68	8.07	6.49
C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.96	4.96	4.96
D - Wheeling Charge (Rs./kWh)	0.87	0.87	0.87
L - Loss for HT Category (%)	4.00%	4.00%	4.00%
S = Cross Subsidy Surcharge (Rs./kWh)	1.54	1.61	0.66

*Note: * Including Regulatory Charge*

Commission's Analysis

The 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. The Central Government has issued Tariff Policy, 2016 wherein the formula for Cross Subsidy Surcharge is given as under;

$S = T – [C / (1 - L/100) + D + R]$

Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level

R is the per unit cost of carrying regulatory assets

Further, the Tariff Policy, 2016 also stipulates that the surcharge shall not exceed 20% of the tariff applicable to the category of consumers seeking Open Access.

Accordingly, the Commission has determined the Cross-Subsidy Surcharge based on the formula stipulated in the Tariff Policy, as shown in the Table below:

Table 8.9: Approved Cross Subsidy Surcharge payable for open access consumers in TPL-D (A) for FY 2020-21

Sr. No.	Particulars	HTMD-1	HTMD-2
1	T - Tariff for HT Category (Rs./kWh)	7.56	7.91
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.77	4.77
3	D - Wheeling Charges (Rs./kWh)	0.87	0.87
4	L – Loss for HT Category (in %)	4.00%	4.00%
5	R - per unit cost of carrying Regulatory Assets (Rs./kWh)	-	-
6	S = Cross Subsidy Surcharge (Rs./kWh)	1.51	1.58

Thus, Cross Subsidy Surcharge as per formula in Tariff Policy, 2016 works out to Rs. 1.69 / kWh for HTMD-1 and Rs. 2.04 / kWh for HTMD-2. However, the Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. Hence, the aforesaid surcharge is restricted to 20% of tariff applicable to that category.

Accordingly, Cross Subsidy Surcharge for HTMD-1 = Rs.1.51 / kWh and for HTMD-2 is Rs. 1.58 / kWh for FY 2020-21.

8.3 Additional Surcharge

Petitioner's Submission

The Petitioner has submitted that as per Regulation 25 of the GERC (Terms & Conditions of Intra-State Open Access) Regulations, 2011, the OA consumer will also be required to pay an Additional Surcharge as per Section 42 (4) of the Electricity Act, 2003.

Commission's Analysis

The Petitioner should submit the requisite data and justification separately for determination of Additional Surcharge.

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, 2016 notified by the Commission.

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

9.2 Proposal of TPL for increase in Retail Tariffs for TPL-D (A) for FY 2020-21

Background

The Petitioner has computed the cumulative gap/ (surplus) for FY 2018-19, FY 2020-21 and carrying cost as detailed in the earlier chapters. The Petitioner has proposed to:

1. Recover the accumulated gap/ (surplus) during FY 2020-21 by way of tariff revision and Regulatory Charge
2. Rationalize the tariff structure

Tariff Philosophy

The Petitioner has submitted that the Commission has approved the existing tariff structure based on widely recognized best practices in accordance with the legal framework as detailed hereunder:

A. Consumers' capacity to pay
B. Principles of cross subsidy prescribed by Tariff Policy
C. Incentivising energy conservation
D. Demand Side Management
E. Promotion of efficient use of electricity

The Petitioner has also submitted that the existing fixed charges are not depictive of the fixed costs. The majority of the fixed cost is being recovered through Energy Charges. In order to address this anomaly, the Petitioner proposes to increase the fixed/demand charges in a phased manner.

Determination of Retail Tariff

The Petitioner has submitted that cumulative gap is arising mainly on account of past years' under-recovery. The Petitioner proposes to recover part of the cumulative gap of Rs. 772.43 Crore with effect from 1st April, 2020, by way of tariff revision of Rs. 0.21 per unit during FY 2020-21. For the recovery of balance cumulative gap, the Petitioner has proposed Regulatory Charge at the rate of Rs. 0.35 per unit w.e.f. 1st April, 2020 over a period of two years with necessary adjustment of cost due to deferment of recovery.

The Petitioner has proposed marginal increase in fixed/demand charges as part of tariff rationalisation during FY 2020-21.

The Petitioner has also submitted that any variation in recovery of the said gap shall be dealt with during Truing up exercise for FY 2020-21. The Petitioner has further submitted that, if for any reason, the Commission does not allow the recovery of part of the gap by way of Regulatory Charge w.e.f. 1st April, 2020, the tariff rates need to be appropriately adjusted to allow the Petitioner to recover the cumulative gap of Rs. 772.43 Crore entirely during FY 2020-21.

The Petitioner has also submitted that that the Petitioner's tariff was last increased in FY 2015-16. Since then, despite the overall inflationary pressures, the Petitioner has been managing its costs largely through operational efficiencies. The approval of tariff revision and Regulatory Charge is essential so as to liquidate under recoveries and enable the Petitioner to maintain and further improve its high standards of quality, reliability and customer services.

9.3 Commission's Ruling on Retail Tariffs for TPL-D (A) for FY 2020-21

The Commission has in the past Orders, rationalised the tariffs in order to ensure that the tariffs reflect, as far as possible, the cost of supply. The Commission has also tried to address operational and field issues, keeping in view the interest of the consumers, while rationalising the tariff structure.

TPL-D (A) has proposed to recover cumulative revenue gap of Rs. 772.43 Crore with effect from 1st April, 2020, by way of tariff revision of Rs. 0.21 per unit FY 2020-21. For the recovery of balance cumulative gap, the Petitioner has proposed Regulatory Charge at the rate of Rs. 0.35 per unit w.e.f. 1st April, 2020 over a period of two years with necessary adjustment of cost due to deferment of recovery. The Petitioner has also proposed marginal increase in the fixed / demand charges as part of tariff rationalisation during FY 2020-21.

However, as discussed earlier, the Commission has approved a cumulative revenue gap of Rs. 119.27 Crore during FY 2020-21 in Chapter 5. The Commission has, for the time being, allowed to revise base FPPPA charge to Rs. 1.82 / kWh, subject to ceiling limit of present FPPPA of Rs. 2.11 / kWh for FY 2020-21, for recovery of cumulative gap of Rs. 119.27 Crore and carrying cost along with other consequential amount of Rs. 258.30 Crore as listed in Table 5.6.

The Commission has maintained the tariff for the various consumer categories as per the last tariff order, except for the BPL consumers. Looking to the demand of various consumer groups, the limit of first slab of energy charge in RGP Category for the BPL consumers, which is Rs. 1.50 / unit for first 30 units consumption, is enhanced to Rs. 1.50 / unit for first 50 units consumption. The approximate yearly savings for the BPL consumers shall be about Rs. 32 Lakh.

The detailed tariff is as per the tariff schedule annexed to this order.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for TPL-D (Ahmedabad) for FY 2020-21 (as approved in MTR Order dated 24th April 2019) as shown in the Table below:

Approved ARR for TPL-D (Ahmedabad) for FY 2020-21

(Rs. Crore)

Sr. No.	Particulars	FY 2020-21
1	Power Purchase Expenses	4,343.92
2	O&M Expenses	342.97
3	Depreciation	212.81
4	Interest and Finance Charges	156.68
5	Interest on Security Deposits	49.67
6	Interest on Working Capital	0.00
7	Return on Equity	4.70
8	Bad debts Written off	83.40
9	Contingency Reserve	0.60
10	Income Tax	292.96
11	Less: Non-Tariff Income	57.82
12	**Aggregate Revenue Requirement**	**5,429.89**

The retail supply tariffs for Ahmedabad distribution area for FY 2020-21 determined by the Commission are annexed to this order.

This order shall come into force with effect from 1st April, 2020. The revised rates shall be applicable for the electricity consumption from 1st April, 2020 onwards.

Sd/-	Sd/-
P. J. THAKKAR	**ANAND KUMAR**
Member	Chairman

Place: Gandhinagar
Date: 31/03/2020

ANNEXURE: TARIFF SCHEDULE

TARIFF SCHEDULE FOR AHMEDABAD - GANDHINAGAR LICENSE AREA OF TORRENT POWER LIMITED - AHMEDABAD

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

Effective from 1st April, 2020

GENERAL CONDITIONS

1. This tariff schedule is applicable to all the consumers of TPL in Ahmedabad-Gandhinagar area
2. All these tariffs for power supply are applicable to only one point of supply.
3. 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.
4. The charges specified in the tariff are on monthly basis, TPL shall adjust the rates according to billing period applicable to consumer.
5. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, except Meter Charges, will continue to apply.
6. 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.
7. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).
8. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.
9. Contract Demand shall mean the maximum kW 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 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. 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.

12. The fixed charges, minimum charges, demand charges 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.

13. The energy bills shall be paid by the consumer within 14 days from the date of billing, failing which the consumer shall be liable to pay the delayed payment charges @15% p.a. for the number of days from the due date to the date of payment of bill.

14. 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.

15. 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.

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

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

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

1. RATE: RGP

This tariff is applicable to supply of electricity for:

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

1.1. FIXED CHARGE

For Other than BPL consumers

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

For BPL household consumers*

(a)	Fixed Charges	Rs. 5 per month per installation

1.2. ENERGY CHARGE

For Other than BPL consumers

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

For BPL household consumers*

(a)	First 50 units consumed per month	150 Paise per Unit
(b)	For remaining units consumed per month	Rate as per RGP

** The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the zonal office of the Distribution Licensee. The concessional tariff is only for 50 units per month.*

2. RATE: GLP

Applicable for supply of electricity to 'other than residential' premises used for charitable purposes like: public hospitals, dispensaries, educational and research institutions and hostels attached to such institutions, youth hostels run by Government, religious premises exclusively used for worship or community prayers, electric crematorium etc. Such premises should be in the use of 'Public Trust" as defined under section 2(13) of the Bombay Public Trust Act, 1950.

2.1. FIXED CHARGE

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

2.2. ENERGY CHARGE

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

3. RATE: NON-RGP

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

Consumers covered in this category can also opt for tariff rates covered in "Rate: LTMD-2".

3.1. FIXED CHARGE

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

3.2. ENERGY CHARGE

A flat rate of	450 Paise per Unit

4. RATE: LTP (AG)

Applicable to motive power installations for agricultural purposes

4.1. ENERGY CHARGE

A flat rate of	330 Paise per Unit

4.2. MINIMUM CHARGE

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

Note:

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

5. Rate: LTMD-1

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

5.1. FIXED CHARGE

1. For Billing Demand up to and including Contract Demand

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

2. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 350 Per kW

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR

ii. 85% of the Contract Demand OR

iii. 6 kW

Whichever is the highest.

5.2. ENERGY CHARGE

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

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

6. <u>RATE: LTMD-2</u>

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

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

6.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

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

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 425 Per kW

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR

ii. 85% of the Contract Demand OR

iii.6 kW

Whichever is the highest.

6.2. ENERGY CHARGE

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

6.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

7. RATE: SL

Applicable to lighting systems for illumination of public roads.

7.1. ENERGY CHARGE

A flat rate of	420 Paise per Unit

7.2. OPTIONAL kVAh CHARGE

For all the kVAh units consumed during the month	325 Paise per Unit

8. RATE: TMP

Applicable to installations for temporary requirement of electricity supply.

8.1. FIXED CHARGE

Fixed Charge per Installation	Rs. 25 per kW per Day

8.2. ENERGY CHARGE

A flat rate of	500 Paise per Unit

9. RATE: LT - Electric Vehicle (EV) Charging Stations

This tariff is applicable to consumers who use electricity **EXCLUSIVELY** for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. RGP, NRGP, LTMD etc.

9.1. FIXED CHARGE

Rs. 25 per month per installation

PLUS

9.2. ENERGY CHARGE

Energy Charge	410 Paise per Unit

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

10. RATE: HTMD-1

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

10.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

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

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 385 per kW

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR

ii. 85% of the Contract Demand OR

iii. 100 kW

Whichever is the highest.

10.2. ENERGY CHARGE

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

10.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below: (i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs.

(ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 300 kW	80 Paise per Unit
(b) For Billing Demand Above 300 kW	100 Paise per Unit

10.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments shall be eligible for rebate at the rate of 30 Paise per kWh.

10.5. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

11. RATE: HTMD-2

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

11.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 225 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 285 Per kW

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR

ii. 85% of the Contract Demand OR

iii. 100 kW

Whichever is the highest.

11.2. ENERGY CHARGE

A flat rate of	400 Paise per unit

11.3. TIME OF USE (TOU) CHARGE

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

11.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments shall be eligible for rebate at the rate of 30 Paise per kWh.

11.5. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

12. <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 kW for temporary period. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

12.1. FIXED CHARGE

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

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR

ii. 85% of the Contract Demand OR

iii. 100 kW

Whichever is the highest.

12.2. ENERGY CHARGE

For all units consumed during the month	695 Paise/Unit

12.3. TIME OF USE (TOU) CHARGE

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

12.4. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

13. RATE: HTMD- METRO TRACTION

Applicable for supply of energy to Metro traction, contracting for maximum demand of 100 kW and above.

13.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per Month	Rs. 335 per kW

B. For Billing Demand in excess of the Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 385 Per kW

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR

ii. 85% of the Contract Demand OR

iii. 100 kW

Whichever is the highest.

13.2. ENERGY CHARGE

A flat rate of	345 Paise/Unit

13.3. TIME OF USE (TOU) CHARGE

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

13.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day recorded by the tariff meter having built in feature of time segments shall be eligible for rebate at the rate of 30 Paise per kWh.

13.5. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

14. 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.

14.1. FIXED CHARGE

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

14.2. ENERGY CHARGE

A flat rate of	340 Paise per unit

14.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 14.0 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 14.0 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTMD category demand charge rates given in para 10.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTMD category energy charge rates given in para 10.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per HTMD category demand charge and energy charge rates given in para 10.1 and 10.2 respectively, of this schedule.*
6. *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.*
7. *The option can be exercised to shift from regular HTMD tariff category to Rate: NTCT or from Rate: NTCT to regular HTMD tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.*

15. RATE: HT - Electric Vehicle (EV) Charging Stations

This tariff is applicable to consumers who use electricity **EXCLUSIVELY** for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. HTMD-1, HTMD-2, HTMD-3 & NTCT.

15.1. DEMAND CHARGE

For billing demand up to contract demand	Rs. 25 per kW per month
For billing demand in excess of contract demand	Rs. 50 per kW per month

PLUS

15.2. ENERGY CHARGE

Energy Charge	400 Paise per Unit