GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2011-12 to FY 2015-16,

Approval of Multi Year ARR for FY 2016-17 to FY 2020-21,

Truing up for FY 2016-17 and FY 2017-18 and

Determination of Tariff

Deendayal Port Trust

(DPT)

Case Nos. 1810 and 1811 of 2019

29th September, 2020

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GUJARAT ELECTRICITY REGULATORY COMMISSION

(GERC)

GANDHINAGAR

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For

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(DPT)

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ABBREVIATIONS

A&G	Administrative and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
DISCOM	Distribution Company
EA	Electricity Act, 2003
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Asset
GoG	Government of Gujarat
HT	High Tension
kV	kilo Volt
kVA	kilo Volt Ampere
kVAh	kilo Volt Ampere hour
kWh	kilo Watt hour
LT	Low Tension
MTR	Mid-Term Review
MUs	Million Units
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations and Maintenance
p.a.	Per Annum
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
SBI	State Bank of India
SLDC	State Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case Nos. 1810 and 1811 of 2019

Date of Order: 29th September, 2020

CORAM

Shri Anand Kumar, Chairman

Shri P.J. Thakkar, Member

ORDER

1 Background and Brief History

1.1 Background

Deendayal Port Trust (formerly Kandla Port Trust) (hereinafter referred to as "DPT" or the "Petitioner"), a Distribution Licensee, has filed Petitions under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011 (hereinafter referred to as the "GERC (MYT) Regulations, 2011"), for Truing up for FY 2011-12 to FY 2015-16 and with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (hereinafter referred to as the "GERC (MYT) Regulations, 2016"), for Multi-Year ARR for FY 2016-17 to FY 2020-21, Truing up for FY 2016-17 and FY 2017-18 and Determination of Tariff for FY 2019-20, on June 06, 2019.

The Gujarat Electricity Regulatory Commission (hereinafter referred to as "GERC" or "the Commission") notified the GERC (MYT) Regulations, 2011 on March 22, 2011, which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2011 onwards till 31st March 2016. Regulation 17.2 of the GERC (MYT) Regulations, 2011 provides for submission of detailed application for Truing up of FY 2011-12 onwards, Revenue from the sale of power at existing tariffs and charges for the ensuing year, Revenue Gap or Surplus for the ensuing year calculated based on the Aggregate Revenue Requirement (ARR) approved in the Tariff Order or MYT Order and Truing up for the previous year; application for determination of tariff for the ensuing year to be carried out under the GERC (MYT) Regulations, 2011 and amendment thereof from time to time.

Further, GERC notified the GERC (MYT) Regulations, 2016 on March 29, 2016, which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. The GERC (MYT) Regulations, 2016 provides for submission of detailed application for Multi-Year ARR for the entire Control Period with year-wise details; Revenue from the sale of power at existing tariffs and charges and projected revenue gap or revenue surplus, Truing Up for FY 2016-17 and onwards; Revenue from the sale of power at existing tariffs and charges for the ensuing year; Application for determination of tariff for the ensuing year to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

The Petition was registered on July 18, 2019 and as provided under the GERC (MYT) Regulations, 2011 and 2016, the Commission has proceeded with this Tariff Order.

1.2 Deendayal Port Trust

The Petitioner is one of the major ports in India under Government of India and Ministry of Shipping. The Deendayal Port is located on the Gulf of Kutch on the north-western coast of India, and is the largest port of India by volume of cargo handled.

DPT is a Distribution Licensee. The licence for supply of electricity was granted to DPT by the Chief Commissioner of Kutch under the Indian Electricity Act, 1910. Consequent to the enactment of the Electricity Act, 2003 (EA 2003), DPT has become a deemed Distribution Licensee under the EA 2003 and is required to file Petition before the Commission under Section 62 of the EA 2003 for determination of tariff. The distribution system of DPT comprises one 66 kV Substation fed by double circuit overhead lines from GETCO 220 kV Substation at Anjar and fifteen 11 kV Substations in the licence area. In addition, DPT has constructed 3 numbers of 2 MW wind turbines and started consuming power from them from FY 2017-18. DPT had a Contract Demand with Paschim Gujarat Vij Company Limited (PGVCL) of 4900 kVA from July 1, 2014 to March 31, 2015, which was reduced to 4100 kVA from April 1, 2015 till July 31, 2018. DPT reduced the said Contract Demand to 2500 kVA w.e.f. August 01, 2018, as it started consuming power from the 6 MW captive wind power plant.

1.3 Background for the present Petitions

The Petitioner had filed its first Petition under the MYT framework for the Control Period from FY 2011-12 to FY 2015-16 on 7th December, 2010, in accordance with the GERC (MYT) Regulations, 2011. The Commission issued the MYT Order on 18th August, 2011, in which the Commission approved the ARR for each year from FY 2011-12 to FY 2015-16.

The Commission did not approve the truing up for FY 2011-12, FY 2012-13, FY 2013-14 and FY 2014-15 based on the respective Petitions filed by DPT, in the absence of separate audited accounts for the Distribution Licence business. Since, the Distribution Licence business is under a regulated regime, DPT was directed to maintain separate accounts, duly audited by auditors, for the electricity distribution business and develop the Balance Sheet and Profit & Loss Statement for the distribution business.

The Petitioner filed a Petition on February 1, 2017 for the Truing up of FY 2015-16, determination of ARR for the Control Period from FY 2016-17 to FY 2020-21, and determination of tariff for FY 2017-18. In its Order dated June 30, 2017, the Commission dismissed the Petition on the grounds of error in calculations, data gaps and inconsistencies. The Commission directed the Petitioner to re-submit the Petition complete in all respects as per the GERC (MYT) Regulations, 2011 and 2016 and comply with the statutory requirements, based on the separate accounts of the electricity distribution business.

The Petitioner has filed the current Petitions for Truing up for the period from FY 2011-12 to FY 2015-16 (Case No. 1810 of 2019), approval of MYT ARR for FY 2016-17 to FY 2020-21, Truing up for FY 2016-17 and FY 2017-18, and Determination of Tariff for FY 2019-20 (Case No. 1811 of 2019) along with a separate Petition of condonation of delay (Case No. 1812 of 2019) as the Petitioner was unable to re-submit the Tariff Petitions in the time frame prescribed under the applicable GERC (MYT) Regulations. The Commission, vide Order dated 27.09.2019 in Case No. 1812 of 2019 decided to condone the delay in filing the current Tariff Petitions.

1.4 Registration of the Current Petitions and Public Hearing Process

The Petitioner has submitted the current Petitions on June 06, 2019. The Petitions were registered on July 18, 2019 (Case Nos. 1810 and 1811 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 DPT to publish its applications in an abridged form in the newspapers to ensure due public participation.

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

Table 1-1: List of Newspapers in which Public Notice was published

Sl. No.	Name of Newspaper	Language	Date of Publication
1	Kutch Mitra	Gujarati	13.10.2019
2	Indian Express	English	13.10.2019

The Petitioner also placed the Public Notice and the Petitions on its website (www.deendayalport.gov.in) for inviting objections and suggestions. The interested parties/stakeholders were asked to file their objections/suggestions on the Petitions on or before 13.11.2019.

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

The Commission has not received any objections / suggestions from consumers / consumer organizations on the Petitions before or even after the due date of 13.11.2019.

1.5 Contents of this Order

The Order is divided into **ten Chapters** as detailed under: -

1. The **first Chapter** provides a brief background regarding the Petitioner, the Petitions on hand and approach adopted in this Order.

2. The **second Chapter** outlines the summary of DPT's Petitions.

3. The **third Chapter** deals with the Public Hearing process, including the objections raised by various stakeholders, DPT's response and Commission's views on the response.

4. The **fourth Chapter** details the Truing up for the period from FY 2011-12 to FY 2017-18.

5. The **fifth Chapter** deals with the Determination of ARR for FY 2018-19 to FY 2020-21.

6. The **sixth Chapter** deals with the Determination of Tariff for FY 2019-20.

7. The **seventh Chapter** deals with Directives issued.

8. The **eighth Chapter** deals with FPPPA Charges.

9. The **ninth Chapter** outlines the Wheeling Charges and Cross-Subsidy Surcharge.

10. The **tenth Chapter** deals with Tariff Philosophy and Tariff Proposals.

1.6 Approach of this Order

The GERC (MYT) Regulations, 2011 and 2016 provides for Truing up of the previous year and determination of tariff for the ensuing year.

DPT has approached the Commission with the present Petitions for Truing up for FY 2011-12 to FY 2015-16 (Case No. 1810 of 2019) and approval of MYT ARR for FY 2016-17 to FY 2020-21, Truing up for FY 2016-17 and FY 2017-18, and Determination of Tariff for FY 2019-20 (Case No. 1811 of 2019).

However, due to various reasons elaborated subsequently, the Commission has not done the truing-up in this Order. Further, the Commission has provisionally considered the values submitted by DPT as base value to arrive at the ARR for FY 2019-20 and FY 2020-21 in accordance with the GERC (MYT) Regulations, 2016.

2 Summary of DPT's Petitions

2.1. Introduction

DPT submitted the current Petitions, seeking approval of Truing up for FY 2011-12 to FY 2015-16 (Case No. 1810 of 2019), approval of Multi-Year ARR for FY 2016-17 to FY 2020-21, Truing up for FY 2016-17 and FY 2017-18 (Case No. 1811 of 2019). The Petitioner has also submitted the tariff proposal for FY 2019-20.

2.2. Data submitted by the Petitioner

The details of expenses submitted by DPT under various heads of ARR are given in the Table below:

Table 2-1: Actual ARR Claimed by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	Claimed by DPT	MYT Order	Claimed by DPT	MYT Order	Claimed by DPT	MYT Order	Claimed by DPT	MYT Order	Claimed by DPT
Power Purchase Expenses	828.00	1366.59	900.00	1411.67	983.00	1557.33	1076.00	1569.85	1181.00	1449.37
Operation & Maintenance Expenses	263.43	350.44	278.50	255.16	294.43	265.07	311.27	394.13	329.07	395.35
Depreciation	97.71	216.95	105.57	216.95	114.99	224.45	122.84	231.95	139.07	231.95
Interest & Finance Charges	3.68	298.24	7.09	275.46	5.10	262.72	1.68	249.20	9.24	224.84
Interest on Security Deposit	5.05	5.04	5.05	8.23	5.05	7.60	5.05	9.21	5.05	8.84
Interest on Working Capital	5.03	7.79	6.20	8.88	7.59	8.01	9.07	8.01	10.67	8.05
Return on Equity	85.84	176.93	92.14	176.93	99.70	182.89	106.00	188.86	119.00	188.86
Total Expenditure	1288.74	2421.97	1394.55	2353.29	1509.85	2508.08	1631.91	2651.21	1793.10	2507.26
Less Other Income	0.00	19.25	0.00	30.47	0.00	27.30	0.00	28.71	0.00	27.29

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	Claimed by DPT	MYT Order	Claimed by DPT	MYT Order	Claimed by DPT	MYT Order	Claimed by DPT	MYT Order	Claimed by DPT
Aggregate Revenue Requirement	**1288.74**	**2402.73**	**1394.55**	**2322.81**	**1509.85**	**2480.77**	**1631.91**	**2622.51**	**1793.10**	**2479.97**

Table 2-2: Actual Claimed by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17	2017-18
	Claimed by DPT	Claimed by DPT
Power Purchase Expenses	1387.83	1472.31
Operation & Maintenance Expenses	331.75	292.19
Depreciation	232.66	233.36
Interest & Finance Charges	187.04	148.29
Interest on Security Deposit	8.30	7.31
Interest on Working Capital	5.81	5.18
Return on Equity	189.42	189.98
Total Expenditure	2342.81	2348.62
Less Other Income	24.94	21.59
Aggregate Revenue Requirement	**2317.87**	**2327.03**

2.3. Sharing of Gains and Losses and Revenue Gap/ (Surplus)

DPT has projected the sharing of Gains and Losses for FY 2011-12 to FY 2015-16 as below:

(Rs. Lakh)

Sr. No	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
1	ARR originally Approved	1288.74	1394.55	1509.86	1631.91	1793.10
2	Gain/(Loss) due to Uncontrollable Factors	(1,046.22)	(982.08)	(1,027.58)	(936.44)	(647.88)
3	1/3rd of Gain/(Loss) due to Controllable Factor to be passed on to Consumer	(29.00)	7.78	9.79	(27.62)	(22.09)
4	Revised ARR	2363.96	2368.85	2527.65	2595.97	2463.07

Sr. No	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
5	Revenue from Sale of Power	850.66	971.70	940.67	917.51	939.90
6	Other Income	19.25	30.47	27.30	28.71	27.29
7	Total Revenue	869.91	1002.17	967.97	946.22	967.19
8	**Total Revenue Gap/(Surplus) after including Gain/(Loss) due to controllable factors**	**1494.05**	**1366.68**	**1559.68**	**1649.75**	**1495.88**

Table 2-3: Revenue Gap for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Sr. No	Particulars	FY 2016-17	FY 2017-18
1	Aggregate Revenue Requirement	2342.81	2348.62
2	Revenue Gap/(Surplus) from True-up	-	-
3	**Total Aggregate Revenue Requirement**	**2342.81**	**2348.62**
4	Revenue with Existing Tariff	984.71	1034.71
5	Other Income	24.94	21.59
6	Total Revenue	1009.65	1056.30
7	**Gap/(Surplus)**	**1333.16**	**1292.32**

2.4. Projected ARR for FY 2018-19, FY 2019-20 and FY 2020-21

DPT, in its Petition, has projected the ARR for FY 2018-19, FY 2019-20 and FY 2020-21, as shown in the Table below:

Table 2-4: Aggregate Revenue Requirement projected by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Power Purchase Expenses	774.25	1,205.83	1,776.15
Operation and Maintenance Expenses	341.34	360.86	381.50
Depreciation	233.36	234.89	236.42

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Interest & Finance Charges	120.56	106.04	87.74
Interest on Working Capital	3.90	10.03	14.27
Interest on security deposit	7.44	8.52	9.37
Total Revenue Expenditure	**1,480.86**	**1,926.18**	**2,505.46**
Return on Equity Capital	189.98	191.20	192.42
Less: Non-Tariff Income	21.59	21.59	21.59
Aggregate Revenue Requirement	**1,649.25**	**2,095.79**	**2,676.29**

2.5. Revenue Gap/(Surplus) for FY 2019-20

Based on the projected ARR for FY 2019-20 given in the Table above, the estimated Revenue Gap projected by DPT for FY 2019-20 at existing tariff, is shown in the following Table:

Table 2-5: Estimated Revenue Gap/(Surplus) of DPT for FY 2019-20 (Rs. Lakh)

Particulars	FY 2019-20
Total ARR of FY 2019-20	2095.79
Revenue from Sales at existing tariff	1941.07
Revenue Gap / (Surplus)	**154.72**

2.6. Projected Revenue Gap/(Surplus) for FY 2019-20 considering Tariff at par with PGVCL

DPT has submitted that it wishes to be at par in terms of electricity tariff, in order to be competitive with PGVCL, in view of the expected increase in operational load and expected acquisition of HT consumers in the future linked to the development of Smart Industrial Port City (SIPC), Kandla.

With this objective, DPT has also computed the Revenue Gap, considering DPT's tariffs at par with those approved for PGVCL, which works out to Rs. 1955.02 lakh for FY 2019-20. The estimated Revenue Gap for FY 2019-20 at PGVCL tariffs, is shown in the following Table:

Table 2-6: Estimated Revenue Gap/(Surplus) of DPT for FY 2019-20 (Rs. Lakh)

Particulars	FY 2019-20
Total ARR of FY 2019-20	2095.79
Revenue from Sales at existing tariff	1955.02
Revenue Gap / (Surplus)	**140.77**

2.7. Proposed Tariff Changes

DPT has proposed to revise its existing tariff and make it equivalent to PGVCL's tariff. DPT has also proposed to undertake various performance and efficiency improvement measures, along with adequate capital expenditure, to meet the Revenue Gap at proposed tariff, and any corrections in the same considering actual revenue and expenses shall be claimed at the time of true-up for FY 2019-20.

DPT has proposed the following changes in the tariff structure for FY 2019-20:

- Increase in the fixed charges and bringing them at par with the PGVCL tariff for FY 2019-20;
- Removal of FPPPA charges for DPT;
- Increase in energy charges and bringing them at par with combined PGVCL tariff and FPPPA charges for FY 2019-20;
- Introduction of BPL category in the tariff structure, with the tariff rates being as per the PGVCL tariff for FY 2019-20;
- Removal of Time of Day (ToD) Charges and concession provided during night hours.

2.8. DPT's Prayers to the Commission

DPT has made the following prayers to the Commission:

1. Condone the delay in filing of this Petition;
2. Admit the Petition seeking True-up from FY 2011-12 to FY 2015-16;
3. Approve the total Revenue Gap from FY 2011-12 to FY 2015-16 as given in the Petition;
4. Admit Petition seeking determination of Multi Year ARR for FY 2016-17 to FY 2020-21 and Determination of Tariff for FY 2019-20;

5. Approve the Multi-Year ARR for FY 2016-17 to FY 2020-21 as per the GERC (MYT) Regulations, 2016;
6. Approve the Revenue Gap for FY 2016-17 and FY 2017-18;
7. Approve the Revenue Gap for FY 2019-20;
8. Approve the terms and conditions of Tariff for FY 2019-20 and various other matters as proposed in this Petition and proposed changes therein;
9. Pass suitable orders for implementation of Tariff Proposal for FY 2019-20 for making it applicable from April 1, 2019 onwards;
10. To grant any other relief as considered appropriate by the Commission;
11. Allow DPT to make further submissions, additions and alterations to the Petition when necessary;
12. Pass such Orders as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

3. Brief outline of Objections raised, Response from DPT and the Commission's View

Stakeholders' Suggestions / Objections, Petitioner's Response and Commission's Observations

In response to the public notice published on 13.10.2019 inviting objections / suggestions from the stakeholders on the Petition filed by DPT, none of the consumers / organisations filed their suggestions / objections before or even after the due date of 13.11.2019.

The Commission, therefore, did not conduct a Public Hearing.

4. Truing up for FY 2011-12 to FY 2017-18

4.1 Introduction

This Chapter deals with the Truing up for FY 2011-12 to FY 2017-18.

DPT has submitted the audited annual accounts for its electricity business for the period from FY 2011-12 to FY 2017-18. The Commission, vide its previous Tariff Orders, has given repeated directions to DPT for submission of separate audited annual accounts for its electricity business and to comply with the statutory requirements in all respects as per the applicable GERC (MYT) Regulations. However, the truing up could not be done since FY 2011-12 in the absence of separate audited accounts for the electricity business of DPT. This is the first time that audited data has been submitted by DPT.

The Commission directed the Petitioner to re-submit its MYT Petition complete in all respects as per regulatory requirements vide its Order in Case No. 1639 of 2017, dated 30.06.2017. However, the Petitioner failed to file the MYT Petition within the time limit and repeatedly requested the Commission to grant extension in time limit for filing the Petition. The Commission, while observing invariably laxity in filing the Petition, directed the Petitioner vide the letter no. GERC/Tariff/3517/5835/0871, dated 23.05.2018 to submit the Petition by 30th June, 2018, failing which no revenue gap till FY 2018-19 would be considered. The Petitioner vide letter no EL/AC/3185/2051, dated 13.06.2018 requested once again to grant extension till 30th November, 2018 to file the Petition. With reference to the said letter, the Commission vide letter no. GERC/Tariff/3517/5835/1278, dated 23.07.2018 directed the Petitioner to file a separate application for condonation of delay along with the Tariff Petition, re-iterating that the revenue gap till the financial year for which the Tariff Petition is delayed, would not be considered.

The Petitioner has filed the current Petitions on 6th June, 2019 for Truing up for FY 2011-12 to FY 2015-16 (Case No. 1810 of 2019), approval of MYT ARR for FY 2016-17 to FY 2020-21, Truing up for FY 2016-17 and FY 2017-18, and Determination of Tariff for FY 2019-20 (Case No. 1811 of 2019) along with a separate Petition of condonation of delay (Case No. 1812 of 2019) as the Petitioner was unable to re-submit the Tariff Petitions in the time frame prescribed under the GERC (MYT) Regulations. The Commission vide the Order dated 27.09.2019 in Case No. 1812 of 2019 decided to condone the delay in filing the current Tariff Petitions.

The Commission has studied and analysed each component of the ARR for FY 2011-12 to FY 2017-18 with respect to the audited accounts of the electricity business, in the following paragraphs. The amounts claimed by DPT for the period from FY 2011-12 to FY 2015-16 have been compared with the amounts approved for the respective years in the MYT Order. Since, no MYT Order has been issued for DPT for FY 2016-17 to FY 2020-21, the comparison with the approved amounts is not possible for FY 2016-17 and FY 2017-18, hence, the Commission has compared the actual amounts for these years, with the normative amounts approved in the present Order for the respective years.

While we note the efforts taken by DPT in filing these Petitions, there are still some issues, on account of which the Commission has been unable to complete the truing up for the previous years, as stated below:

- The key data on category-wise sale of electricity and distribution losses is unreliable as 70% of energy sales units are captively consumed and non-metered. Further, though 25% of energy sales units are distributed through meters, these meters are not in proper working condition, i.e., they are either damaged, defective or accuracy is a concern;
- The recording of power purchase cost in the accounts needs to be rectified, as power purchase by a Distribution Licensee does not incur payment of electricity duty. However, DPT has continued to purchase electricity from PGVCL as a consumer, and the electricity duty applicable on the entire purchase has been apportioned to the electricity business also. Such payment of electricity duty on electricity purchased from PGVCL should not be recorded under the power purchase expenses of DPT's licensed electricity business. Further, power purchase from its own wind stations is vague and application of the power purchase rate is ad-hoc and incorrectly considered;
- Necessary details of Gross Fixed Assets (GFA) such as opening value of assets, addition during the year, and closing value of GFA have not been recorded in the audited accounts submitted by DPT.

Hence, as elaborated further in this Chapter, the Commission has been unable to complete the truing-up for all the years from FY 2011-12 to FY 2017-18. At the same time, the Commission notes that the data submitted in this Petitions is already tremendously delayed, and even if further time is given to DPT, it will not be able to submit any better-quality data for these past periods. Hence, the Commission decides to close the truing-up for all the years from FY 2011-12 to FY 2017-18, with the direction that the Revenue Gap of these years shall be absorbed by DPT and shall not be passed on to the consumers.

At the same time, for want of any better-quality information, the data submitted by DPT for these years, shall form the base values for projecting the ARR for FY 2018-19, FY 2019-20 and FY 2020-21 and Tariff for FY 2020-21.

4.2 Energy Sales to Consumers

Petitioner's Submission

The Petitioner has submitted the comparison of the actual category-wise sales in lakh units (LUs) for the period from FY 2011-12 to FY 2015-16. The actual sales in this period is lower than that approved in the MYT Order. The Petitioner has also submitted the actual category-wise sales for FY 2016-17 and FY 2017-18. The category-wise sales submitted by the Petitioner are shown in the Tables below:

Table 4-1: Energy Sales for FY 2011-12 to FY 2015-16 as submitted by DPT (LUs)

Category	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
RGP	12.34	8.24	12.59	7.89	12.86	7.81	13.25	7.12	13.55	6.44
NRGP	11.10	22.57	12.90	19.82	14.90	18.02	17.20	16.78	19.90	16.26
LTMD	1.00	46.44	1.05	33.45	1.10	36.01	1.16	31.73	1.21	26.79
Streetlights	8.20	-	8.60	-	9.00		9.50		10.00	
Temporary	13.50	8.97	16.20	11.25	19.60	13.96	23.70	10.75	28.60	8.58
HT	90.00	44.70	97.20	52.70	105.20	42.25	114.00	43.67	123.60	54.10
Total Sales	**136.14**	**130.92**	**148.54**	**125.11**	**162.66**	**118.05**	**178.81**	**110.05**	**196.86**	**112.17**

Table 4-2: Energy Sales for FY 2016-17 and FY 2017-18 submitted by DPT (LUs)

Particulars	FY 2016-17	FY 2017-18
	DPT Petition	DPT Petition
RGP	5.73	5.21

NRGP	18.90	18.50
LTMD	32.11	45.58
Streetlights	0.00	0.00
Temporary	7.33	6.26
HT	52.35	53.03
Total Sales	**116.42**	**128.58**

The Petitioner has submitted that the total sales have reduced from 130.92 LUs in FY 2011-12 to 112.17 LUs in FY 2015-16, and have again increased to 128.58 LUs in FY 2017-18. The Petitioner has submitted that the sales have broadly reduced in the RGP and HT categories and increased in the NRGP and LTMD categories during the period from FY 2011-12 to FY 2015-16. The Petitioner has added that no sales quantum has been reported against Streetlights, due to absence of separate feeders and meters for the same. Though Streetlights were in operation, they were being fed through common feeders of other categories like NRGP, LTMD, etc., and hence, sales to this category is clubbed with the sales of the other categories.

Commission's Analysis

The actual category-wise energy sales as submitted by the Petitioner for FY 2011-12 to FY 2015-16 are lower than that approved in the MYT Order. The actual sales have also been reduced over this period. The Petitioner has submitted that the actual sales have again increased in FY 2016-17 and FY 2017-18. It is observed that the Petitioner has reported reduction in sales in all categories except HT category. Further, separate sales have not been submitted for the Streetlight category, due to lack of adequate metering infrastructure.

In its Petition, while detailing the basis for preparation of Financial Statements for the electricity distribution business, DPT has stated that approximately 64% of the meters are of electro-mechanical/analog type, which are old and accuracy is a concern. Further, these meters do not have the facility to record the Maximum Demand and are also not tamper-free. Hence, for these connections, DPT is charging on average basis corresponding to the load requirement. DPT has also stated that majority of the meters are not in proper working condition, i.e., they are either damaged, defective or accuracy is a concern. Further, the Auditor, in the accounts for Financial Years from 2011-12 to 2017-18, has reported that consumption of distributed units (Energy Sales) are being derived on the basis of load requirements, measured with the help of technical experts and duly certified by the management. 70 % of Energy Sales units are captively consumed and non-metered. 25% of the Energy Sales units are distributed through improperly functioning meters to new port colony, private consumers and temporary consumers and 5% has been considered as distribution losses.

In response to the Commission’s query, the Petitioner has stated that it has initiated the tendering process for procurement and replacement of all defective meters at consumer premises and for providing meters for all unmetered installations. The Petitioner has stated that it is making efforts to install new meters before 31 March, 2020.

Considering that the ‘actual’ category-wise sales are not actual sales, as they are not metered sales but assessed/allocated sales, the Commission is unable to true-up the actual category-wise sales as reported by the Petitioner. True-up of sales and hence, ARR shall be possible only after sales data based on actual meter reading is made available by the Petitioner. However, for lack of any other data, the Commission has considered the sales data submitted by the Petitioner for the years under consideration. Further, these sales have been considered as the base values for projection of sales for FY 2019-20 and FY 2020-21. Once the meters are installed and actual metered sales data is made available, the Commission will revise the sales projections for the ensuing years.

4.3 Distribution Losses

Petitioner’s Submission

The Petitioner submitted that most of the meters are not in working condition, and are either damaged, defective or accuracy is a concern. Thus, computation of actual Distribution Losses is not feasible. The Petitioner submitted that it has considered distribution losses of 5% for FY 2011-12 to FY 2017-18, considering its operational area, consumer categories and load survey, as shown in the Tables below:

Table 4-3: Distribution Losses for FY 2011-12 to FY 2015-16 submitted by DPT (%)

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
Distribution Losses	9.00%	5.00%	8.75%	5.00%	8.50%	5.00%	8.25%	5.00%	8.00%	5.00%

Table 4-4: Distribution Losses for FY 2016-17 and FY 2017-18 submitted by DPT (%)

Particulars	FY 2016-17	FY 2017-18
	DPT Petition	DPT Petition
Distribution Losses	5.00%	5.00%

Commission's Analysis

In the MYT Order, the Commission had approved Distribution Loss of 9.00% for FY 2011-12, and an annual loss reduction trajectory of 0.25%, thereby approving Distribution Loss of 8.00% for FY 2015-16. Against this approval, DPT has claimed Distribution Loss of 5.00% for each year from FY 2011-12 to FY 2017-18.

As stated earlier, the 'actual' category-wise sales are not actual sales, as they are not metered sales but assessed/allocated sales. As a result, the Distribution Losses reported by DPT for this period are also not actual, as they are not based on the difference between the energy injected into the system and the energy sold. The Distribution Losses reported by DPT are assessed, and the basis for such assessment is also not clear, as DPT has simply submitted that the assessment is based on its operational area, consumer categories and load survey.

In view of the above, the Commission is unable to true-up the Distribution Losses as reported by the Petitioner. True-up of Distribution Losses shall be possible only after sales data based on actual meter reading is made available by the Petitioner. However, for lack of any other data, the Commission has considered the Distribution Losses submitted by the Petitioner for the years under consideration. Further, these Distribution Losses have been considered as the base values for approval of Distribution Losses for FY 2019-20 and FY 2020-21. Once the meters are installed and actual metered sales data is made available, the Commission will approve the Distribution Losses for the ensuing years.

4.4 Energy Requirement

Petitioner's Submission

The Petitioner has submitted that the actual gross energy requirement has been calculated by grossing up the actual energy sales with the Distribution Losses, as shown in the Table below:

Table 4-5: Energy Requirement for FY 2011-12 to FY 2015-16 as submitted by DPT (LUs)

Sr. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
		MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
1	Energy Sales	136.14	130.92	148.54	125.11	162.66	118.05	178.81	110.05	196.86	112.17
2	Distribution Losses (%)	9.00%	5.00%	8.75%	5.00%	8.50%	5.00%	8.25%	5.00%	8.00%	5.00%
3	Distribution Losses	13.46	6.89	14.24	6.58	15.11	6.21	16.08	5.79	17.12	5.90
4	**Total Energy Requirement**	**149.60**	**137.81**	**162.78**	**131.69**	**177.77**	**124.26**	**194.89**	**115.84**	**213.98**	**118.07**

Table 4-6: Energy Requirement for FY 2016-17 and FY 2017-18 as submitted by DPT (LUs)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
		DPT Petition	DPT Petition
1	Energy Sales	116.42	128.58
2	Distribution Losses (%)	5.00%	5.00%
3	Distribution Losses	5.82	6.43
4	**Total Energy Requirement**	**122.24**	**135.01**

The Petitioner has submitted that its actual energy requirement was lesser than that approved by the Commission in the MYT Order for FY 2011-12 to FY 2015-16.

Commission's Analysis

The actual energy requirement as reported by the Petitioner for FY 2011-12 to FY 2015-16 is lower than that approved in the MYT Order due to lower sales and lower Distribution Losses reported by the Petitioner.

As stated earlier, the 'actual' category-wise sales reported by the Petitioner for the period from FY 2011-12 to FY 2017-18 are not actual sales, as they are not metered sales but assessed/allocated sales. As a result, the Distribution Losses reported by DPT for this period are also not actual, as they are not based on the difference between the energy injected into the system and the energy sold.

In view of the above, the Commission has not trued-up the sales and Distribution Losses as reported by the Petitioner. As a result, the energy requirement for these years has also not been done. True-up of the energy requirement shall be possible only after sales data based on actual meter reading and Distribution Losses are made available by the Petitioner. However, for lack of any other data, the Commission has considered the sales submitted by the Petitioner for the years under consideration. The energy requirement for each year has been computed by grossing up the sales with the Distribution Losses. For the period from FY 2011-12 to FY 2015-16, the Energy Requirement as submitted by the Petitioner has been considered, in the absence of any other information.

However, for FY 2016-17 and FY 2017-18, the Petitioner has computed the Energy Requirement by adding Distribution Losses in Lakh Units computed by multiplying the sales with the Distribution Losses, rather than grossing up the Sales with the Distribution Losses. However, the actual quantum of power purchase from PGVCL is based on PGVCL meters, hence, the quantum of power purchase is correct. Hence, the Commission has considered the Distribution Losses for FY 2016-17 and FY 2017-18 in such a manner that the total Energy Requirement is same as that submitted by the Petitioner, as shown in the Table below:

Table 4-7: Energy Requirement for FY 2016-17 and FY 2017-18 as considered by the Commission (LUs)

Sr. No.	Particulars	FY 2016-17		FY 2017-18	
		DPT Petition	Considered	DPT Petition	Considered
1	Energy Sales	116.42	116.42	128.58	128.58
2	Distribution Losses (%)	5.00%	4.76%	5.00%	4.76%
3	Distribution Losses	5.82	5.82	6.43	6.43
4	**Total Energy Requirement**	**122.24**	**122.24**	**135.01**	**135.01**

Once the meters are installed and data on actual metered sales and Distribution Losses are made available, the Commission will approve the energy requirement for the ensuing years.

4.5 Power Purchase Cost

Petitioner's Submission

The Petitioner submitted that PGVCL has raised bills for power purchase from PGVCL based on the demand submitted by the Petitioner to SLDC. The Petitioner added that the actual power purchase from PGVCL was different from the allocation because its demand was not constant and varied from time to time. As stated in Chapter 1, DPT had a Contract Demand with PGVCL of 4900 kVA from July 1, 2014 to March 31, 2015, which was reduced to 4100 kVA from April 1, 2015 till July 31, 2018, and reduced to 2500 kVA w.e.f. August 01, 2018.

The Petitioner submitted that the additional energy is sold as UI, which is refunded to the Petitioner on weekly basis by SLDC.

The Petitioner submitted that for FY 2016-17 and FY 2017-18, the actual power purchase cost has been considered as per the audited accounts. The Petitioner started procuring power from its Wind Power project from FY 2017-18. In FY 2017-18, the Wind Power project generated 103.76 LUs at a Capacity Utilisation Factor (CUF) of 19.74%, which was procured by the Petitioner at the rate of Rs. 4.20/kWh.

The Petitioner submitted the actual cost of power purchase from PGVCL and other sources for the period from FY 2011-12 to FY 2017-18 as summarised in the Tables below:

Table 4-8: Power Purchase Cost for FY 2011-12 to FY 2015-16 as submitted by DPT (Rs. Lakh)

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
Power Purchased from PGVCL		1704.21		1549.41		1479.97		1512.10		1434.32
Power Purchase Duty		157.76		124.49		128.43		122.34		129.53
SLDC Charges		0.34		0.32		0.38		0.36		0.10
UI Charges/ DSM Charges		0.00		0.00		15.22		21.54		1.38
Reactive Energy Charges		0.00		0.00		0.00		0.00		0.32
SLDC Refund		(495.71)		(262.55)		(66.69)		(86.49)		(116.28)
Net Power Purchase Cost	**828**	**1366.59**	**900**	**1411.67**	**983**	**1557.33**	**1076**	**1569.85**	**1181**	**1449.37**

Table 4-9: Power Purchase Cost for FY 2016-17 and FY 2017-18 as submitted by DPT (Rs. Lakh)

Particulars	FY 2016-17	FY 2017-18
	DPT Petition	DPT Petition
Power Purchased from PGVCL	1300.34	1089.99
Power Purchase from Wind	0.00	435.81
Power Purchase Duty	139.90	0.00
SLDC Charges	0.18	0.26
UI Charges	0.05	0.00
Reactive Energy Charges	0.00	0.00
SLDC Refund	(52.64)	(53.75)
Net Power Purchase Cost	**1387.83**	**1472.31**

Commission Analysis

DPT has submitted the actual power purchase cost incurred for the period from FY 2011-12 to FY 2017-18, which is as per the amounts reflected in the audited accounts for the respective years.

It is observed that the actual power purchase cost, as reported by the Petitioner, is much higher than that approved for the period from FY 2011-12 to FY 2015-16, in the MYT Order. In reply to the Commission's query in this regard, the Petitioner has clarified that the power purchase cost and per unit cost of power purchase is higher due to the higher Contract Demand with PGVCL and lower sale of power. The Petitioner has reduced the Contract Demand over the years, as stated earlier.

The Petitioner has stated in the Petition that it started procuring power from its own Wind Power project from FY 2017-18. The Petitioner has submitted that it has considered the rate of Rs. 4.20/kWh for purchase from its own Wind Power project, which is in line with the rate approved by the Commission for purchase of power by Distribution Licensees from Wind Power projects for FY 2017-18.

In response to clarifications sought by the Commission regarding the basis for the rate for purchase from the Wind Power project, the Petitioner vide an email dated 01.09.2020 submitted that its Project Division also commissioned 14.7 MW on 31st March 2019 and the power was sold to M/s. IFFCO- Kandla and M/s. HPCL Mittal Pipelines Ltd. under Medium-Term Open Access (MTOA) @ Rs. 4.22/kWh. The rate was determined by DPT nominated Committee Members and approved by DPT's Board of Trustees.

The Petitioner further clarified that the three WTG's of 2 MW each were commissioned on 29th March 2017, and are situated at village Sukhpur, Amreli District and connected via 33 kV grid line to 220/33 kV wind farm sub-station at Sukhpur. The wind farm sub-station is connected by 220 kV grid line to 220 kV GETCO Amreli sub-station. The Petitioner further submitted that the capital expenditure incurred in setting up this 6 MW windfarm has been incurred by its Project Division and it is not included in the books of accounts of DPT Distribution Licensee.

The Petitioner added that considering 100% internal consumption, for managing the electricity requirements of its distribution business and consumption by its own port and other consumers within licence area, no formal agreement was signed between the two entities, i.e., DPT' Project Division and DPT' Electrical Division regarding the per unit rate of electricity generated from the Wind power plant. For preparation of books of accounts for FY 2017-18 and subsequent years, and for preparation of MYT Petition and Tariff determination, the per unit rate of electricity generated from wind power plant was considered based on the rate approved by DPT management for sale to M/s. IFFCO- Kandla and M/s. HPCL Mittal Pipelines Ltd. and also the net tariff of Rs. 4.19/kWh determined by the Commission in its Order in Case No. 2 of 2016 for procurement of power by the Distribution Licensees and others from Wind power projects, DPT hence, considered the rate of Rs. 4.20/kWh for purchase of power generated from the 6 MW Wind power plant for FY 2017-18.

The Petitioner further added that in FY 2018-19 and FY 2019-20, the Petitioner continued to consume power from the 6 MW wind power plant. In order to optimize of power procurement cost and considering the recent developments of reduction in prices of wind power, the rates were reduced to Rs. 3.20/kWh with effect from 01st April 2018 onwards.

From the above replies and clarifications submitted by the Petitioner, it is clear that there is neither any formal Agreement or Arrangement between the Petitioner and its Project Division for purchase of power generated by the Wind Power project, nor has any approval been sought from the Commission for the Power Purchase Agreement/Arrangement. More importantly, the Commission vide its letter dated 18.03.2017, had directed all Distribution Licensees to procure RE power through competitive bidding under Section 63 of the Act or by following the competitive bidding process followed by SECI/ MNRE, etc., and not at the rate of Rs. 4.19/kWh determined by the Commission in its Order in Case No. 2 of 2016. In the aforesaid letter, the Commission also directed that the tariff determined by the Commission for the respective RE technology would act as a ceiling tariff and the Distribution Licensee has to approach the Commission for adoption of tariff discovered through such competitive bidding process.

However, the Petitioner has not adopted the competitive bidding route and has considered purchase from its Project Division at an ad-hoc rate of Rs. 4.20/kWh.

The Commission is of the view that such ad-hoc purchase at ad-hoc rates without any Arrangement approved by the Commission cannot be allowed to be recovered through the ARR and tariff. Hence, the Commission has decided to consider the approved rate discovered through competitive bidding for Gujarat entities, for approving the rate of power purchase from Wind Power project. Accordingly, the Commission has considered the rate of Rs. 3.46/kWh for FY 2017-18, in line with the rate approved for the PPA executed by GUVNL.

It is further observed that the Petitioner has included power purchase duty in the power purchase cost for the period from FY 2011-12 to FY 2016-17, for the power purchase from PGVCL. However, Electricity Duty is levied only on consumers and not on Distribution Licensees. It appears that the Petitioner has purchased power from PGVCL as a consumer, rather than Distribution Licensee, and paid Electricity Duty on such purchase of power. However, such Electricity Duty paid by the Petitioner cannot be passed on to the consumers of the Petitioner, as such Electricity Duty is not payable by the Distribution Licensee.

Though the quantum of sales and Distribution Losses have not been trued-up, as elaborated above, the actual quantum of power purchase from PGVCL is not disputed, as the Petitioner has actually purchased such quantum of power, which are based on meters installed by PGVCL, and also paid these amounts.

Hence, the Commission approves the power purchase cost for the period from FY 2011-12 to FY 2017-18, as shown in the Tables below:

Table 4-10: Power Purchase Cost for FY 2011-12 to FY 2013-14 approved by the Commission (Rs. Lakh)

Particulars	FY 2011-12			FY 2012-13			FY 2013-14		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Power Purchased from PGVCL		1704.21	1704.21		1549.41	1549.41		1479.97	1479.97
Power Purchase Duty		157.76	0.00		124.49	0.00		128.43	0.00
SLDC Charges		0.34	0.34		0.32	0.32		0.38	0.38
UI Charges/ DSM Charges		0.00	0.00		0.00	0.00		15.22	15.22
Reactive Energy Charges		0.00	0.00		0.00	0.00		0.00	0.00
SLDC Refund		(495.71)	(495.71)		(262.55)	(262.55)		(66.69)	(66.69)
Net Power Purchase Cost	**828**	**1366.59**	**1208.84**	**900**	**1411.67**	**1287.18**	**983**	**1557.33**	**1428.88**

Table 4-11: Power Purchase Cost for FY 2014-15 and FY 2015-16 approved by the Commission (Rs. Lakh)

Particulars	FY 2014-15			FY 2015-16		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Power Purchased from PGVCL		1512.10	1512.10		1434.32	1434.32
Power Purchase Duty		122.34	0.00		129.53	0.00
SLDC Charges		0.36	0.36		0.10	0.10
UI Charges/ DSM Charges		21.54	21.54		1.38	1.38
Reactive Energy Charges		0.00	0.00		0.32	0.32
SLDC Refund		(86.49)	(86.49)		(116.28)	(116.28)
Net Power Purchase Cost	**1076**	**1569.85**	**1447.51**	**1181**	**1449.37**	**1319.84**

Table 4-12: Power Purchase Cost for FY 2016-17 and FY 2017-18 approved by the Commission (Rs. Lakh)

Particulars	FY 2016-17		FY 2017-18	
	DPT Petition	Approved	DPT Petition	Approved
Power Purchased from PGVCL	1300.34	1300.34	1089.99	1089.99
Power Purchase from Wind	0.00	0.00	435.81	359.02
Power Purchase Duty	139.90	-	0.00	0.00
SLDC Charges	0.18	0.18	0.26	0.26
UI Charges	0.05	0.05	0.00	0.00
Reactive Energy Charges	0.00	0.00	0.00	0.00
SLDC Refund	(52.64)	(52.64)	(53.75)	(53.75)
Net Power Purchase Cost	**1387.83**	**1247.94**	**1472.31**	**1395.52**

4.6 Capital Expenditure, Capitalisation and Sources of Funding

Petitioner's Submission

The Petitioner has submitted the actual capital expenditure for FY 2011-12 to FY 2017-18 as summarised in the Tables below:

Table 4-13: Capital Expenditure submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
Capital Expenditure	200		200		120		160		800	
Lighting, etc.						225.83				
Power Supply arrangements to Godowns						58.23				
Total	**200**	**0**	**200**	**0**	**120**	**284.06**	**160**	**0**	**800**	**0**

Table 4-14: Capital Expenditure submitted by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17	FY 2017-18
	DPT Petition	DPT Petition
Power Supply arrangements to Weigh Bridge	19.60	0.00
Power Supply arrangements to SNA Jetty	7.08	0.00
Total	**26.68**	**0.00**

The Petitioner has submitted the actual capitalisation and its funding for FY 2011-12 to FY 2017-18, as summarised in the Tables below:

Table 4-15: Capitalization submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
Capitalization	100	0	200	0	160.00	284.06	140	0	480	0
Debt@ 70%	70.00	0	140.00	0	112.00	198.84	98.00	0	336.00	0
Equity @ 30%	30.00	0	60.00	0	48.00	85.22	42.00	0	144.00	0

Table 4-16: Capitalization submitted by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
		DPT Petition	DPT Petition
1	Capitalization	26.68	0
2	Debt@ 70%	18.68	0
3	Equity @ 30%	8.00	0

The Petitioner has stated that it has not taken any loans and used its own equity for funding the capitalisation. Hence, the actual capitalisation has been apportioned between debt and equity on normative basis in the ratio of 70:30, in accordance with the GERC (MYT) Regulations, 2011.

Commission's Analysis

The Petitioner has submitted that it has undertaken capital expenditure of Rs. 284.06 lakh in FY 2013-14 and Rs. 26.68 lakh in FY 2016-17, with Nil capital expenditure in remaining years, over the period from FY 2011-12 to FY 2017-18. The capital expenditure has been undertaken for releasing power supply to existing and new connections, which is one of the duties of a Distribution Licensee.

The Petitioner has submitted that the actual capitalisation has been equal to the actual capital expenditure undertaken in the respective year.

The Commission has accepted the actual capital expenditure and capitalisation as submitted by the Petitioner, for the period from FY 2011-12 to FY 2017-18.

4.7 Operation and Maintenance (O&M) Expenses

Petitioner's Submission

The Petitioner has submitted that its O&M expenses comprise the following heads:

- Employee Expenses, comprising salaries and wages of only those expenses who are directly involved in the Distribution business;
- Repair & Maintenance (R&M) expenses, which are incurred towards the day-to-day upkeep of the distribution network for supplying reliable and quality power and reducing distribution losses;

- Administrative & General (A&G) expenses comprising of vehicle hiring cost, travelling expenses, telephone and other communication expenses, advertisement, consultant fees, licence fees, etc.

The Petitioner has claimed the actual O&M cost for FY 2011-12 to FY 2017-18, as shown in the following Tables:

Table 4-17: O&M Expenses submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Sr. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
		MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
1	Employee Expenses		143.31		153.20		157.71		209.80		211.96
2	Repair and Maintenance Expenses		181.17		75.22		80.80		143.27		145.77
3	Administration and General Expenses		25.96		26.74		26.56		41.06		37.62
4	**Operation & Maintenance Expenses**	**263.43**	**350.44**	**278.50**	**255.16**	**294.43**	**265.07**	**311.27**	**394.13**	**329.07**	**395.35**

Table 4-18: O&M Expenses submitted by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
		DPT Petition	DPT Petition
1	Employee Expenses	193.34	176.17
2	Repair and Maintenance Expenses	106.32	112.79
3	Administration and General Expenses	32.08	3.23
4	**Operation & Maintenance Expenses**	**331.75**	**292.19**

Commission's Analysis

The Commission has verified the actual O&M expenses claimed by the Petitioner to be the same as the amounts reported in the audited accounts. However, it is observed that there is large variation in the O&M expenses, especially in the R&M expenses, which are not following any pattern. In reply to the Commission's query in this regard, the Petitioner has simply stated that the actual expenses have been claimed as per audited accounts, and that the actual expenses are higher than the approved expenses for FY 2011-12, FY 2014-15 and FY 2015-16. The Petitioner has sought pass through of the variation in O&M expenses, under controllable factor.

The Commission approves the actual O&M expenses claimed by the Petitioner for FY 2011-12 to FY 2015-16. However, as the true-up is not being done for these years, no sharing of gains/losses with respect to the normative O&M expenses approved in the MYT Order, is being done.

As regards FY 2016-17 and FY 2017-18, the O&M expenses have to be allowed on normative basis, in accordance with the GERC (MYT) Regulations, 2016. The Commission sought the computation of normative O&M expenses for FY 2016-17 and FY 2017-18, which was submitted by the Petitioner, as shown in the Table below:

Table 4-19: Normative O&M Expenses submitted by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
1	Employee Expenses	205.09	216.82
2	Repair and Maintenance Expenses	117.88	124.63
3	Administration and General Expenses	37.17	39.29
4	**Operation & Maintenance Expenses**	**360.14**	**380.74**

The Petitioner has submitted that the normative O&M expenses for FY 2016-17 and FY 2017-18 are higher than the actual O&M expenses for the respective year, hence, the Petitioner has considered the actual values of O&M expenses for FY 2016-17 and FY 2017-18 with an objective to optimise the projected ARR and projected Revenue Gap.

Regulation 94.8 of the GERC (MYT) Regulations, 2016 specifies the following methodology for projection of O&M expenses for the Control Period from FY 2016-17 to FY 2020-21:

*"**Operation and Maintenance expenses**:*

a) The Operation and Maintenance expenses shall be derived on the basis of the average of the actual Operation and Maintenance expenses for the three (3) years ending March

31, 2015, subject to prudence check by the Commission.

The average of such operation and maintenance expenses shall be considered as operation and maintenance expenses for the financial year ended March 31, 2014 and shall be escalated year on year at the escalation factor of 5.72% to arrive at operation and maintenance expenses for subsequent years up to FY 2020-21."

In the above Regulation, the O&M expenses to be considered for the past period are actual expenses subject to prudence check by the Commission, i.e., the O&M expenses allowed after sharing of gains and losses due to controllable factors. As discussed above, the Commission has not done the sharing of gains and losses for FY 2011-12 to FY 2015-16, as the true-up for these years is not being done. Hence, the reference O&M expenses to be considered for FY 2011-12 to FY 2015-16 are the normative O&M expenses approved in the MYT Order for this period.

Accordingly, the Commission has computed the normative O&M expenses for FY 2016-17 and FY 2017-18 in accordance with the GERC (MYT) Regulations, 2016, as shown in the Table below:

Table 4-20: Normative O&M Expenses computed by the Commission for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	Base	FY 2016-17	FY 2017-18
Average O&M Expenses (Base of FY 2013-14)	294.73		
Normative O&M Expenses for FY 2015-16	329.42		
Normative O&M Expenses		**348.26**	**368.18**
Normative O&M Expenses claimed by DPT		**360.14**	**380.74**
Actual O&M Expenses claimed by DPT		**331.75**	**292.19**

The normative O&M expenses computed in accordance with the GERC (MYT) Regulations, 2016 works out to be lower than the normative O&M expenses computed by the Petitioner, and higher than the actual O&M expenses claimed by the Petitioner for FY 2016-17 and FY 2017-18. Hence, the Commission has accepted the Petitioner's submission to consider the actual O&M expenses for FY 2016-17 and FY 2017-18.

As stated earlier, the Commission has not trued-up the expenses for FY 2016-17 and FY 2017-18, hence, no sharing of gains and losses due to controllable factors has been done.

The approved O&M expenses for FY 2017-18 has been considered as the base value for projecting the O&M expenses for FY 2018-19 to FY 2020-21, as elaborated subsequently.

4.8 Depreciation

Petitioner's Submission

The petitioner submitted the Depreciation calculated for FY 2011-12 to FY 2017-18 as per the below Tables:

Table 4-21: Depreciation submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
Opening Gross Block	1993.81	4212.61	2093.81	4212.61	2293.81	4212.61	2453.81	4496.67	2593.81	4496.67
Addition During Year	100.00	0.00	200.00	0.00	160.00	284.06	140.00	0.00	480.00	0.00
Closing Gross Block	2093.81	4212.61	2293.81	4212.61	2453.81	4496.67	2593.81	4496.67	3073.81	4496.67
Depreciation for the year	**97.71**	**216.95**	**105.57**	**216.95**	**114.99**	**224.45**	**122.84**	**231.95**	**139.07**	**231.95**
Average Depreciation Rate	4.78%	5.15%	4.81%	5.15%	4.84%	5.15%	4.87%	5.16%	4.91%	5.16%

Table 4-22 Depreciation submitted by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17	FY 2017-18
	DPT Petition	DPT Petition
Opening Gross Block	4496.67	4523.35
Addition During the Year	26.68	0.00
Closing Gross Block	4523.35	4523.35
Depreciation for the year	**232.66**	**233.36**
Average Depreciation Rate	5.16%	5.16%

The Petitioner has submitted that the opening Gross Fixed Assets (GFA) of Rs. 4212.61 lakh have been established for FY 2011-12, based on the asset-wise details as per the segregated accounts for the Petitioner's Distribution business. The addition to GFA has been considered equal to the capitalisation during the respective year. The Petitioner has submitted that it has claimed depreciation on the opening GFA and assets added during the year, based on straight line method in accordance with the depreciation rates specified in the GERC (MYT) Regulations, 2011 for the period from FY 2011-12 to FY 2015-16, and GERC (MYT) Regulations, 2016 for the period from FY 2016-17 onwards.

Commission's Analysis

In the MYT Order for the Petitioner dated 18 August, 2011 in Case No. 1060 of 2011, the Commission had relied on the Petitioner's submissions for determining the opening GFA for FY 2011-12. The relevant extracts of the MYT Order are reproduced below:

*"**3.9.4 Gross Fixed Assets***

The KPT has submitted that Asset Registers are being maintained by the Electrical Division and has broad categories. The value of assets is about Rs. 1993.9 lakhs as on 31st March 2011 as given in Table below:

Table 3.34: Category wise Assets details (Rs. lakhs)

Asset Categories	***Amount***
Land	*89.10*
Building	*285.20*
Plant & Machinery	*865.60*
Lines & Cable network	*748.10*
Furniture & Fixtures	*2.80*
Office equipment	*3.00*
Total	***1993.90***

Subsequently they have also furnished the details of assets vide letter No. 3185 dated 24th February, 2011."

As can be seen from the above extract, the opening GFA for FY 2011-12 was considered as Rs. 1993.90 lakh, based on the Asset Register maintained by the Petitioner. However, in the true-up Petition, the Petitioner has submitted opening GFA for FY 2011-12 as Rs. 4212.61 lakh. In response to the Commission's query in this regard, the Petitioner has submitted that the opening GFA has now been submitted based on the audit of the segregated accounts of the Petitioner's Distribution business.

The asset-wise break-up of the opening GFA now claimed by the Petitioner, and the comparison with the opening GFA submitted and accepted in the MYT Order are given in the following Table:

Table 4-23 Opening GFA for FY 2011-12 as submitted by DPT (Rs. Lakh)

Asset Categories	MYT Order	True-up Petition
Land	89.10	-
Building	285.20	285.20
Plant & Machinery	865.60	806.38
Lines & Cable network	748.10	3115.18
Furniture & Fixtures	2.80	2.85
Office equipment	3.00	3.00
Total	**1993.90**	**4212.61**

As can be seen from the above Table, the major variation is in Lines & Cable network, which has now been claimed as Rs. 3115.18 lakh as against Rs. 865.60 lakh claimed earlier. As the revised values of opening GFA are based on audited accounts, the Commission has accepted the same, even though they are in variation to the figures submitted by the Petitioner earlier.

The depreciation has been computed on the average of opening and closing GFA for each year in accordance with the rates specified in the GERC (MYT) Regulations, 2011 for the period from FY 2011-12 to FY 2015-16, and GERC (MYT) Regulations, 2016 for FY 2016-17 and FY 2017-18, as shown in the Table below:

Table 4-24: Depreciation approved by the Commission for FY 2011-12 to FY 2013-14 (Rs. Lakh)

Particulars	FY 2011-12			FY 2012-13			FY 2013-14		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Opening Gross Block	1993.81	4212.61	4212.61	2093.81	4212.61	4212.61	2293.81	4212.61	4212.61
Addition During Year	100.00	0.00	0.00	200.00	0.00	0.00	160.00	284.06	284.06
Closing Gross Block	2093.81	4212.61	4212.61	2293.81	4212.61	4212.61	2453.81	4496.67	4496.67

Particulars	FY 2011-12			FY 2012-13			FY 2013-14		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Depreciation for the year	**97.71**	**216.95**	**216.95**	**105.57**	**216.95**	**216.95**	**114.99**	**224.45**	**224.45**
Average Depreciation Rate	4.78%	5.15%	5.15%	4.81%	5.15%	5.15%	4.84%	5.15%	5.15%

Table 4-25: Depreciation approved by the Commission for FY 2014-15 and FY 2015-16 (Rs. Lakh)

Particulars	FY 2014-15			FY 2015-16		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Opening Gross Block	2453.81	4496.67	4496.67	2593.81	4496.67	4496.67
Addition During Year	140.00	0.00	0.00	480.00	0.00	0.00
Closing Gross Block	2593.81	4496.67	4496.67	3073.81	4496.67	4496.67
Depreciation for the year	**122.84**	**231.95**	**231.95**	**139.07**	**231.95**	**231.95**
Average Depreciation Rate	4.87%	5.16%	5.16%	4.91%	5.16%	5.16%

Table 4-26 Depreciation approved by the Commission for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17		FY 2017-18	
	DPT Petition	Approved	DPT Petition	Approved
Opening Gross Block	4496.67	4496.67	4523.35	4523.35
Addition During the Year	26.68	26.68	0.00	0.00
Closing Gross Block	4523.35	4523.35	4523.35	4523.35
Depreciation for the year	**232.66**	**232.66**	**233.36**	**233.36**
Average Depreciation Rate	5.16%	5.16%	5.16%	5.16%

However, as stated earlier, the Commission has not trued-up the expenses for FY 2011-12 to FY 2017-18, hence, no sharing of gains and losses due to controllable factors has been done.

The closing GFA for FY 2017-18 approved in this Order has been considered as the opening GFA for FY 2018-19 to FY 2020-21, as elaborated subsequently.

4.9 Interest & Finance Expenses

Petitioner's Submission

The Petitioner has submitted that the entire capital expenditure since its inception has been self-funded through budgetary support, hence, in accordance with the applicable GERC (MYT) Regulations, the Petitioner has considered the opening GFA and addition to GFA to be funded in the normative debt:equity ratio of 70:30. The loan repayment has been considered equal to the depreciation computed for the respective year.

The Petitioner has submitted the calculation of Interest & Finance Charges for the period from FY 2011-12 to FY 2015-16 as shown in the Table below:

Table 4-27: Interest & Finance Charges submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition	MYT Order	True-Up Petition
Opening Loan	0.00	2,948.83	70.00	2,731.87	65.00	2,514.92	32.00	2,489.31	0.00	2,257.36
Loan Addition	70.00	-	140.00	-	112.00	198.84	98.00	-	336.00	-
Loan Repayment	0.00	216.95	145.00	216.95	145.00	224.45	130.00	231.95	160.00	231.95
Closing Loan	70.00	2731.87	65.00	2514.92	32.00	2489.31	0.00	2257.36	176.00	2025.41
Average Loan	35.00	2840.35	67.50	2623.40	48.50	2502.12	16.00	2373.34	88.00	2141.39
Total Interest	**3.68**	**298.24**	**7.09**	**275.46**	**5.09**	**262.72**	**1.68**	**249.20**	**9.24**	**224.85**
Average Interest Rate	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%	10.50%

The Petitioner has submitted that the interest expenses for the period from FY 2011-12 to FY 2015-16 have been considered in accordance with Regulation 39.5 of the GERC (MYT) Regulations, 2011. The Petitioner has submitted that the interest rate has been considered as 10.50% as approved by the Commission in the MYT Order dated 18 August 2011. The Petitioner has added that the difference between approved and claimed interest expenses is on account of the opening loan balance considered by the Petitioner, whereas the Petitioner has considered the opening loan as 70% of the opening GFA.

The Petitioner has submitted that for FY 2016-17 and FY 2017-18, in the absence of actual loans, the Petitioner has considered the interest rate equal to the Bank Rate plus 200 basis points, in accordance with Regulation 38.5 of the GERC (MYT) Regulations, 2016. The Petitioner has submitted the calculation of Interest & Finance Charges for FY 2016-17 and FY 2017-18 as shown in the Table below:

Table 4-28 Interest & Finance Charges submitted by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
		DPT Petition	DPT Petition
1	Opening Loan	2,025.40	1,811.42
2	Loan Addition	18.68	-
3	Loan Repayment	232.66	233.36
4	Closing Loan	1,811.42	1578.06
5	Average Loan	1918.41	1694.74
6	**Total Interest**	**187.04**	**148.29**
7	Average Interest Rate	9.75%	8.75%

Commission's Analysis

In the MYT Order for the Petitioner dated 18 August, 2011 in Case No. 1060 of 2011, the Commission had relied on the Petitioner's submissions for determining the opening loan for FY 2011-12. The relevant extracts of the MYT Order are reproduced below:

"3.9.6 Interest and Finance charges

Petitioner's submission

The KPT has projected the interest and finance charges at Rs.147.31 lakhs for the period

FY 2012 to FY 2016 as detailed in below:

…

It is submitted by KPT that the entire capital expenditure of KPT's power distribution business, since its inception, has been funded by KPT itself through the budgetary support each year up to FY 2010-11. As such KPT's power distribution arm does not have any loan liabilities currently.

...

Commission's Analysis

The KPT has not claimed any interest for assets capitalized on or before FY 2010-11 as the entire capital expenditure was met from its own sources and as such no loans are outstanding…"

As can be seen from the above extract, the opening loan for FY 2011-12 was considered as Nil, based on the submissions of the Petitioner. However, in the true-up Petition, the Petitioner has submitted opening loan for FY 2011-12 as Rs. 2948.83 lakh. In response to the Commission's query in this regard, the Petitioner has reiterated that the opening loan for FY 2011-12 has been considered based on the normative debt:equity ratio of 70:30.

The Commission is of the view that the opening loan for FY 2011-12 has to be considered as zero, as these assets have been created many years ago, and the normative loans would also have to be considered as repaid. It would be incorrect to consider as if the Petitioner's Distribution business has no history, and the assets are funded in the normative debt:equity ratio of 70:30 as on April 1, 2011. Hence, the Commission retains the assumption of zero opening balance of loan for FY 2011-12, as approved in the MYT Order dated 18 August, 2011.

As stated earlier, the funding of the capitalisation in FY 2013-14 and FY 2016-17 has been considered to be in the normative debt:equity ratio of 70:30, as the entire asset addition has been self-funded by the Petitioner. The depreciation approved for each year from FY 2011-12 to FY 2017-18 in this Order, has been considered as repayment of loan. The interest rate has been considered as submitted by the Petitioner for FY 2011-12 to FY 2015-16, which is the same as that considered by the Commission in the MYT Order dated 18 August, 2011. The interest rate applicable for FY 2016-17 and FY 2017-18 has been considered in accordance with the GERC (MYT) Regulations, 2016. However, as the loan amount is very small and the depreciation is much higher, there is no net addition of loan in any year during this period, hence, interest expenses approved for all years during this period is Nil.

The computation of interest expenses approved by the Commission for the period from FY 2011-12 to FY 2017-18 is shown in the Tables below:

Table 4-29: Interest expenses approved by the Commission for FY 2011-12 to FY 2013-14 (Rs. Lakh)

Particulars	FY 2011-12			FY 2012-13			FY 2013-14		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Opening Loan	0.00	2,948.83	0.00	70.00	2,731.87	0.00	65.00	2,514.92	0.00
Loan Addition	70.00	0.00	0.00	140.00	0.00	0.00	112.00	198.84	0.00
Loan Repayment	0.00	216.95	216.95	145.00	216.95	216.95	145.00	224.45	224.45
Closing Loan	70.00	2731.87	0.00	65.00	2514.92	0.00	32.00	2489.31	0.00
Average Loan	35.00	2840.35	0.00	67.50	2623.40	0.00	48.50	2502.12	0.00
Total Interest	**3.68**	**298.24**	**0.00**	**7.09**	**275.46**	**0.00**	**5.09**	**262.72**	**0.00**
Average Interest Rate	10.50%	10.50%	_	10.50%	10.50%	_	10.50%	10.50%	_

Table 4-30: Interest expenses approved by the Commission for FY 2014-15 and FY 2015-16 (Rs. Lakh)

Particulars	FY 2014-15			FY 2015-16		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Opening Loan	32.00	2,489.31	0.00	0.00	2,257.36	0.00
Loan Addition	98.00	-	0.00	336.00	-	0.00
Loan Repayment	130.00	231.95	231.95	160.00	231.95	231.95
Closing Loan	0.00	2257.36	0.00	176.00	2025.41	0.00
Average Loan	16.00	2373.34	0.00	88.00	2141.39	0.00
Total Interest	**1.68**	**249.20**	**0.00**	**9.24**	**224.85**	**0.00**
Average Interest Rate	10.50%	10.50%	_	10.50%	10.50%	_

Table 4-31 Interest expenses approved by the Commission for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17		FY 2017-18	
	DPT Petition	Approved	DPT Petition	Approved
Opening Loan	2,025.40	0.00	1,811.42	0.00
Loan Addition	18.68	0.00	-	0.00
Loan Repayment	232.66	232.66	233.36	233.36
Closing Loan	1,811.42	0.00	1578.06	0.00
Average Loan	1918.41	0.00	1694.74	0.00
Total Interest	**187.04**	**0.00**	**148.29**	**0.00**
Average Interest Rate	9.75%	_	8.75%	_

However, as stated earlier, the Commission has not trued-up the expenses for FY 2011-12 to FY 2017-18, hence, no sharing of gains and losses due to controllable factors has been done. The closing loan for FY 2017-18 approved in this Order has been considered as the opening loan for FY 2018-19 to FY 2020-21, as elaborated subsequently.

4.10 Interest on Working Capital

Petitioner's Submission

The Petitioner has submitted the calculation of normative Interest on Working Capital (IoWC) for FY 2011-12 to FY 2017-18, in accordance with the applicable GERC (MYT) Regulations, as shown in the following Tables:

Table 4-32: Interest on Working Capital submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Sr. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
		MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition
1	O&M Expenses	21.95	29.20	23.21	21.26	24.54	22.09	25.94	32.84	27.42	32.95
2	Maintenance Spares	19.94	42.13	20.94	42.13	22.94	42.13	24.54	44.97	25.94	44.97

Sr. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
		MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition
3	Receivables	85.07	72.49	92.76	83.51	101.26	80.66	110.87	78.85	121.54	80.60
4	Less: Consumer Security Deposit	84.13	83.93	84.13	86.68	84.13	89.43	84.15	102.34	84.13	103.96
5	**Total Working Capital**	**42.83**	**59.89**	**52.78**	**60.22**	**64.61**	**55.45**	**77.20**	**54.32**	**90.77**	**54.55**
6	Interest Rate	11.75%	13.00%	11.75%	14.75%	11.75%	14.45%	11.75%	14.75%	11.75%	14.75%
7	**Interest on Working Capital**	**5.03**	**7.79**	**6.20**	**8.88**	**7.59**	**8.01**	**9.07**	**8.01**	**10.67**	**8.05**

Table 4-33 Interest on Working Capital submitted by DPT for FY 2016-17 to FY 2017-18 (Rs. Lakh)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
		DPT Petition	DPT Petition
1	O&M Expenses	27.65	24.35
2	Maintenance Spares	44.97	45.23
3	Receivables	84.14	88.02
4	Less: Consumers' Security Deposit	107.09	108.29
5	**Total Working Capital**	**49.66**	**49.32**
6	Interest Rate	11.70%	10.50%
7	**Interest on Working Capital**	**5.81**	**5.18**

Commission's Analysis

The GERC (MYT) Regulations, 2016 provide for allowing normative IoWC based on the O&M expenses, maintenance spares, receivables, and consumers' security deposit. The GERC (MYT) Regulations, 2016 also specify that at the time of true-up, the trued-up values of these components shall be considered for computation of normative IoWC. However, in case of the Petitioner, the Commission has been unable to true-up the receivables. Further, as stated earlier, 70% of the sales are captive to the Petitioner and are unmetered, with the remaining 30% also being supplied through non-working meters. Also, there is no entry of actual IoWC incurred by the Petitioner, as the business and its cash flows are managed by the parent organisation. Further the working capital requirement for other State Discoms are negative due to a large holding of Security Deposit. Under these circumstances, the Commission feels it appropriate to consider the normative IoWC as Nil for the Petitioner.

Accordingly, the IoWC sought by the Petitioner and allowed by the Commission for each year for the period from FY 2011-12 to FY 2017-18, is shown in the Tables below:

Table 4-34: Interest on Working Capital approved by the Commission for FY 2011-12 to FY 2013-14 (Rs. Lakh)

Particulars	FY 2011-12			FY 2012-13			FY 2013-14		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
O&M Expenses	21.95	29.20	-	23.21	21.26	-	24.54	22.09	-
Maintenance Spares	19.94	42.13	-	20.94	42.13	-	22.94	42.13	-
Receivables	85.07	72.49	-	92.76	83.51	-	101.26	80.66	-
Less: Consumers' Security Deposit	84.13	83.93	-	84.13	86.68	-	84.13	89.43	-
Total Working Capital	**42.83**	**59.89**	**-**	**52.78**	**60.22**	**-**	**64.61**	**55.45**	**-**
Interest Rate	11.75%	13.00%	13.00%	11.75%	14.75%	14.75%	11.75%	14.45%	14.45%
Interest on Working Capital	**5.03**	**7.79**	**-**	**6.20**	**8.88**	**-**	**7.59**	**8.01**	**-**

Table 4-35: Interest on Working Capital approved by the Commission for FY 2014-15 and FY 2015-16 (Rs. Lakh)

Particulars	FY 2014-15			FY 2015-16		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
O&M Expenses	25.94	32.84	-	27.42	32.95	-
Maintenance Spares	24.54	44.97	-	25.94	44.97	-
Receivables	110.87	78.85	-	121.54	80.60	-
Less: Consumers' Security Deposit	84.15	102.34	-	84.13	103.96	-
Total Working Capital	**77.20**	**54.32**	**-**	**90.77**	**54.55**	**-**
Interest Rate	11.75%	14.75%	14.75%	11.75%	14.75%	14.75%
Interest on Working Capital	**9.07**	**8.01**	**-**	**10.67**	**8.05**	**-**

Table 4-36 Interest on Working Capital approved by the Commission for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17		FY 2017-18	
	DPT Petition	Approved	DPT Petition	Approved
O&M Expenses	27.65	-	24.35	-
Maintenance Spares	44.97	-	45.23	-
Receivables	84.14	-	88.02	-
Less: Consumers' Security Deposit	107.09	-	108.29	-
Total Working Capital	**49.66**	**-**	**49.32**	**-**
Interest Rate	11.70%	11.31%	10.50%	10.50%
Interest on Working Capital	**5.81**	**-**	**5.18**	**-**

As stated earlier, the Commission has not trued-up the expenses for FY 2011-12 to FY 2017-18, hence, no sharing of gains and losses due to controllable factors has been done.

4.11 Interest on Security Deposit

Petitioner's Submission

The Petitioner has submitted the Interest on Security Deposit for FY 2011-12 to FY 2017-18 as shown in the following Tables:

Table 4-37 Interest on Security Deposit submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Sr. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
		MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition
1	Consumer Security Deposit	84.13	83.93	84.13	86.68	84.13	89.43	84.13	102.34	84.13	103.96
2	Interest Rate (%)	6.00	6.00	6.00	9.50	6.00	8.50	6.00	9.00	6.00	8.50
3	**Interest on Security Deposit**	**5.05**	**5.04**	**5.05**	**8.23**	**5.05**	**7.60**	**5.05**	**9.21**	**5.05**	**8.84**

Table 4-38: Interest on Security Deposit submitted by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
		DPT Petition	DPT Petition
1	Consumer Security Deposit	107.09	108.29
2	Interest Rate (%)	7.75%	6.75%
3	**Interest on Security Deposit**	**8.30**	**7.31**

Commission's Analysis

The Commission has analysed the data submitted by the Petitioner. There is no evidence that the Petitioner has paid interest on Consumer Security Deposit, as the same is not reflected in the Audited Accounts. Hence, the Commission has not considered Interest on Consumer Security Deposit as an expense in the true-up for the period from FY 2011-12 to FY 2017-18.

4.12 Return on Equity

Petitioner's Submission

The Petitioner has submitted the calculation for Return on Equity (RoE) for FY 2011-12 to FY

2017-18 as shown in the Tables below:

Table 4-39: Return on Equity submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Sr. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
		MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition
1	Opening Equity Capital	598.14	1263.78	628.14	1263.78	688.14	1263.78	736.14	1349.00	778.14	1349.00
2	Equity Addition during the Year	30.00	-	60.00	-	48.00	85.22	42.00	-	144.00	-
3	Closing Equity	628.14	1263.78	688.14	1263.78	736.14	1349.00	778.14	1349.00	922.14	1349.00
4	Average Equity	613.14	1263.78	658.14	1263.78	712.14	1306.39	757.14	1349.00	850.14	1349.00
5	Rate of Return on the Equity	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
6	**Return on Equity**	**85.84**	**176.93**	**92.14**	**176.93**	**99.70**	**182.89**	**106.00**	**188.86**	**119.02**	**188.86**

Table 4-40: Return on Equity submitted by DPT for FY 2016-17 to FY 2017-18 (Rs. Lakh)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
		DPT Petition	DPT Petition
1	Opening Equity Capital	1349.00	1357.00
2	Equity Addition during the Year	8.00	-
3	Closing Equity	1357.00	1357.00
4	Average Equity	1353.00	1357.00
5	Rate of Return on the Equity	14.00%	14.00%
6	**Return on Equity**	**189.42**	**189.98**

Commission's Analysis

In the MYT Order for the Petitioner dated 18 August, 2011 in Case No. 1060 of 2011, the Commission had considered the opening equity for FY 2011-12 as 30% opening GFA of Rs. 1993.80 lakh for FY 2011-12, which were based on the Petitioner's submissions in the MYT

Petition. However, as stated earlier, the Commission has accepted the revised value of opening GFA of Rs. 4212.61 lakh for FY 2011-12, as the revised values of opening GFA are based on audited accounts, even though they are in variation to the figures submitted by the Petitioner earlier.

Accordingly, the opening equity at the beginning of FY 2011-12 has also been revised by considering the same as 30% of the opening GFA of Rs. 4212.61 lakh, which amounts to Rs. 1263.78 lakh as submitted by the Petitioner in the true-up Petition.

As stated earlier, the funding of the capitalisation in FY 2013-14 and FY 2016-17 has been considered to be in the normative debt:equity ratio of 70:30, as the entire asset addition has been self-funded by the Petitioner. The rate of RoE has been considered as 14% for the period from FY 2011-12 to FY 2017-18 in accordance with the applicable GERC (MYT) Regulations. The RoE has been computed on the average equity in each year, in accordance with the applicable GERC (MYT) Regulations, as shown in the Tables below:

Table 4-41: RoE approved by the Commission for FY 2011-12 to FY 2013-14 (Rs. Lakh)

Particulars	FY 2011-12			FY 2012-13			FY 2013-14		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Opening Equity Capital	598.14	1263.78	1263.78	628.14	1263.78	1263.78	688.14	1263.78	1263.78
Equity Addition during the Year	30.00	-	-	60.00	-	-	48.00	85.22	85.22
Closing Equity	628.14	1263.78	1263.78	688.14	1263.78	1263.78	736.14	1349.00	1349.00
Average Equity	613.14	1263.78	1263.78	658.14	1263.78	1263.78	712.14	1306.39	1306.39
Rate of Return on the Equity	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Return on Equity	**85.84**	**176.93**	**176.93**	**92.14**	**176.93**	**176.93**	**99.70**	**182.89**	**182.89**

Table 4-42: RoE approved by the Commission for FY 2014-15 and FY 2015-16 (Rs. Lakh)

Particulars	FY 2014-15			FY 2015-16		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Opening Equity Capital	736.14	1349.00	1349.00	778.14	1349.00	1349.00
Equity Addition during the Year	42.00	-	-	144.00	-	-
Closing Equity	778.14	1349.00	1349.00	922.14	1349.00	1349.00
Average Equity	757.14	1349.00	1349.00	850.14	1349.00	1349.00
Rate of Return on the Equity	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Return on Equity	**106.00**	**188.86**	**188.86**	**119.02**	**188.86**	**188.86**

Table 4-43: RoE approved by the Commission for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17		FY 2017-18	
	DPT Petition	Approved	DPT Petition	Approved
Opening Equity Capital	1349.00	1349.00	1357.00	1357.00
Equity Addition during the Year	8.00	8.00	-	-
Closing Equity	1357.00	1357.00	1357.00	1357.00
Average Equity	1353.00	1353.00	1357.00	1357.00
Rate of Return on the Equity	14.00%	14.00%	14.00%	14.00%
Return on Equity	**189.42**	**189.42**	**189.98**	**189.98**

However, as stated earlier, the Commission has not trued-up the expenses for FY 2011-12 to FY 2017-18, hence, no sharing of gains and losses due to controllable factors has been done. The closing equity for FY 2017-18 approved in this Order has been considered as the opening equity for FY 2018-19 to FY 2020-21, as elaborated subsequently.

4.13 Income Tax

Petitioner's Submission

The Petitioner has submitted that the actual Income Tax for the period from FY 2011-12 to FY 2017-18 has been Nil and has hence, not been considered.

Commission's Analysis

As the actual Income Tax for the period from FY 2011-12 to FY 2017-18 has been Nil, the Commission has not considered any Income Tax for this period.

4.14 Non-Tariff Income (NTI)

Petitioner's Submission

The Petitioner has submitted that the Non-Tariff Income for FY 2011-12 to FY 2017-18 comprises interest on security deposit with PGVCL and meter connection charges, as shown in the Tables below:

Table 4-44: Non-Tariff Income claimed by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Sr. No.	Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
		MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition
1	Interest on Security Deposit with PGVCL		18.97		30.04		26.88		28.46		26.88
2	Meter Connection Charges		0.27		0.43		0.42		0.25		0.42
	Total	**0.00**	**19.25**	**0.00**	**30.47**	**0.00**	**27.30**	**0.00**	**28.71**	**0.00**	**27.29**

Table 4-45: Non-Tariff Income claimed by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Sr. No.	Particulars	FY 2016-17	FY 2017-18
		DPT Petition	DPT Petition
1	Interest on Security Deposit with PGVCL	24.51	21.34
2	Meter Connection Charges	0.44	0.24
	Total	**24.94**	**21.59**

Commission's Analysis

The Commission has verified the actual Non-Tariff Income from the Audited Accounts, and accepted the Non-Tariff Income for the period from FY 2011-12 to FY 2017-18 as submitted by the Petitioner.

4.15 Revenue from Sale of Power

Petitioner's Submission

The Petitioner has submitted the revenue from sale of power for FY 2011-12 to FY 2017-18 as Rs. 850.66 lakh, Rs. 971.70 lakh, Rs. 940.67 lakh, Rs. 917.51 lakh, Rs. 939.90 lakh, Rs. 984.71 lakh, and Rs. 1034.71 lakh, respectively.

Commission's Analysis

The Commission has verified the actual revenue from sale of power from the Audited Accounts, and accepted the Revenue for the period from FY 2011-12 to FY 2017-18 as submitted by the Petitioner.

4.16 Summary of ARR for FY 2011-12 to FY 2017-18

Petitioner's Submission

The Petitioner has submitted the Aggregate Revenue Requirement (ARR) for the period from FY 2011-12 to FY 2017-18, as shown in the Tables below:

Table 4-46: ARR submitted by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition
Power Purchase Expenses	828.00	1366.59	900.00	1411.67	983.00	1557.33	1076.00	1569.85	1181.00	1449.37
O&M Expenses	263.43	350.44	278.50	255.16	294.43	265.07	311.27	394.13	329.07	395.35
Depreciation	97.71	216.95	105.57	216.95	114.99	224.45	122.84	231.95	139.07	231.95
Interest & Finance Charges	3.68	298.24	7.09	275.46	5.09	262.72	1.68	249.20	9.24	224.85

Particulars	FY 2011-12		FY 2012-13		FY 2013-14		FY 2014-15		FY 2015-16	
	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition	MYT Order	True-up Petition
Interest on Security Deposit	5.05	5.04	5.05	8.23	5.05	7.60	5.05	9.21	5.05	8.84
Interest on Working Capital	5.03	7.79	6.20	8.88	7.59	8.01	9.07	8.01	10.67	8.05
Return on Equity	85.84	176.93	92.14	176.93	99.70	182.89	106.00	188.86	119.02	188.86
Total Expenditure	**1288.74**	**2421.97**	**1394.55**	**2353.29**	**1509.85**	**2508.08**	**1631.91**	**2651.21**	**1793.11**	**2507.26**
Less: Non-Tariff Income	0.00	19.25	0.00	30.47	0.00	27.30	0.00	28.71	0.00	27.29
Aggregate Revenue Requirement	**1288.74**	**2402.73**	**1394.55**	**2322.81**	**1509.85**	**2480.77**	**1631.91**	**2622.51**	**1793.11**	**2479.97**

Table 4-47: ARR submitted by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17	2017-18
	DPT Petition	DPT Petition
Power Purchase Expenses	1387.83	1472.31
Operation & Maintenance Expenses	331.75	292.19
Depreciation	232.66	233.36
Interest & Finance Charges	187.04	148.29
Interest on Security Deposit	8.30	7.31
Interest on Working Capital	5.81	5.18
Return on Equity	189.42	189.98
Total Expenditure	**2342.81**	**2348.62**
Less Other Income	24.94	21.59
Aggregate Revenue Requirement	**2317.87**	**2327.03**

Commission's Analysis

The ARR approved by the Commission for the period from FY 2011-12 to FY 2017-18, based on the individual components of the ARR as discussed in the earlier paragraphs, is shown in the Tables below:

Table 4-48: ARR approved by the Commission for FY 2011-12 to FY 2013-14 (Rs. Lakh)

Particulars	FY 2011-12			FY 2012-13			FY 2013-14		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Power Purchase Expenses	828.00	1366.59	1208.84	900.00	1411.67	1287.18	983.00	1557.33	1428.88
O&M Expenses	263.43	350.44	350.44	278.50	255.16	255.16	294.43	265.07	265.07
Depreciation	97.71	216.95	216.95	105.57	216.95	216.95	114.99	224.45	224.45
Interest & Finance Charges	3.68	298.24	0.00	7.09	275.46	0.00	5.09	262.72	0.00
Interest on Security Deposit	5.05	5.04	0.00	5.05	8.23	0.00	5.05	7.60	0.00
Interest on Working Capital	5.03	7.79	0.00	6.20	8.88	0.00	7.59	8.01	0.00
Return on Equity	85.84	176.93	176.93	92.14	176.93	176.93	99.70	182.89	182.89
Total Expenditure	**1288.74**	**2421.97**	**1953.16**	**1394.55**	**2353.29**	**1936.22**	**1509.85**	**2508.08**	**2101.30**
Less: Non-Tariff Income	0.00	19.25	19.25	0.00	30.47	30.47	0.00	27.30	27.30
ARR	**1288.74**	**2402.73**	**1933.92**	**1394.55**	**2322.81**	**1905.75**	**1509.85**	**2480.77**	**2074.00**

Table 4-49: ARR approved by the Commission for FY 2014-15 and FY 2015-16 (Rs. Lakh)

Particulars	FY 2014-15			FY 2015-16		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Power Purchase Expenses	1076.00	1569.85	1447.51	1181.00	1449.37	1319.84
O&M Expenses	311.27	394.13	394.13	329.07	395.35	395.35
Depreciation	122.84	231.95	231.95	139.07	231.95	231.95
Interest & Finance Charges	1.68	249.20	0.00	9.24	224.85	0.00

Particulars	FY 2014-15			FY 2015-16		
	MYT Order	True-Up Petition	Approved in Truing up	MYT Order	True-Up Petition	Approved in Truing up
Interest on Security Deposit	5.05	9.21	0.00	5.05	8.84	0.00
Interest on Working Capital	9.07	8.01	0.00	10.67	8.05	0.00
Return on Equity	106.00	188.86	188.86	119.02	188.86	188.86
Total Expenditure	**1631.91**	**2651.21**	**2262.45**	**1793.11**	**2507.26**	**2136.00**
Less: Non-Tariff Income	0.00	28.71	28.71	0.00	27.29	27.29
ARR	**1631.91**	**2622.51**	**2233.74**	**1793.11**	**2479.97**	**2108.71**

Table 4-50 ARR approved by the Commission for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Particulars	FY 2016-17		FY 2017-18	
	DPT Petition	Approved	DPT Petition	Approved
Power Purchase Expenses	1387.83	1247.94	1472.31	1395.52
O&M Expenses	331.75	331.75	292.19	292.19
Depreciation	232.66	232.66	233.36	233.36
Interest & Finance Charges	187.04	0.00	148.29	0.00
Interest on Security Deposit	8.30	0.00	7.31	0.00
Interest on Working Capital	5.81	0.00	5.18	0.00
Return on Equity	189.42	189.42	189.98	189.98
Total Expenditure	**2342.81**	**2001.76**	**2348.62**	**2111.06**
Less: Non-Tariff Income	24.94	24.94	21.59	21.59
ARR	**2317.87**	**1976.82**	**2327.03**	**2089.47**

However, as stated earlier, the Commission has not trued-up the expenses for FY 2011-12 to FY 2017-18, and has not shared the gains and losses due to controllable factors.

4.17 Revenue Gap/ (Surplus)

The Petitioner has submitted the Revenue Gap/(Surplus) for the period from FY 2011-12 to FY 2017-18, after considering the sharing of Gains/(Losses) due to controllable and uncontrollable factors, as shown in the Tables below:

Table 4-51: Revenue Gap/(Surplus) claimed by DPT for FY 2011-12 to FY 2015-16 (Rs. Lakh)

Sr. No	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
		Petition	Petition	Petition	Petition	Petition
1	ARR originally approved	1288.74	1394.55	1509.85	1631.91	1793.10
2	Gain/(Loss) due to Uncontrollable Factors to be passed on to Consumer	(1,046.22)	(982.08)	(1,027.58)	(936.44)	(647.88)
3	Gain/(Loss) due to Controllable Factor to be passed on to Consumer	(29.00)	7.78	9.79	(27.62)	(22.09)
4	**Revised ARR**	**2363.96**	**2368.85**	**2527.64**	**2595.97**	**2463.07**
5	Revenue from Sale of Power	850.66	971.70	940.67	917.51	939.90
6	Non-Tariff Income	19.25	30.47	27.30	28.71	27.29
7	Total Revenue	869.91	1002.17	967.97	946.22	967.19
8	**Revenue Gap/(Surplus)**	**1494.05**	**1366.68**	**1559.68**	**1649.75**	**1495.88**

Table 4-52: Revenue Gap/ (Surplus) claimed by DPT for FY 2016-17 and FY 2017-18 (Rs. Lakh)

Sr. No	Particulars	FY 2016-17	FY 2017-18
1	Aggregate Revenue Requirement	2342.81	2348.62
2	Revenue with Existing Tariff	984.71	1034.71
3	Non-Tariff Income	24.94	21.59
4	Total Revenue	1009.65	1056.30
5	**Gap / (Surplus)**	**1333.16**	**1292.32**

Commission's Analysis

As stated earlier, the Commission has not trued-up the expenses for FY 2011-12 to FY 2017-18, and has not shared the gains and losses due to controllable factors. Further, as stated earlier, while granting repeated extensions to the Petitioner for filing the true-up Petitions, the Commission has clarified that no Revenue Gap would be considered till FY 2018-19. Hence, the Commission has not computed the Revenue Gap/(Surplus) for the period from FY 2011-12 to FY 2017-18. However, the Commission has carried out component-wise analysis based on the data submitted by DPT to form the base values to be considered for projecting the ARR for the future years.

5. Determination of ARR for FY 2018-19 to FY 2020-21

5.1 Introduction

Regulation 16.2 (i) of the GERC (MYT) Regulations, 2016, provides for submission of a Multi-Year Tariff Petition for the Control Period, as reproduced below:

> *"A detailed Multi-Year Tariff Application comprising the forecast of Aggregate Revenue Requirement for the entire Control Period and expected revenue from existing tariffs for the first year of the Control Period to be submitted by the Applicant:*
>
> *Provided that the performance parameters, whose trajectories have been specified in the Regulations, shall form the basis for projection of these performance parameters in the Aggregate Revenue Requirement for the entire Control Period…"*

The Petitioner has prayed for approval of the ARR for each Year of the Control Period from FY 2016-17 to FY 2020-21 in accordance with the above provisions. The analysis of the ARR and Revenue for FY 2016-17 and FY 2017-18 has been discussed in the previous Chapter.

In this Chapter, the Commission has provisionally approved the ARR for FY 2018-19 to FY 2020-21. The approval of ARR is provisional, as the core sales data is not based on actual meter reading and hence, unreliable. The values approved for FY 2016-17 and FY 2017-18 in the previous Chapter have been considered as the base data for provisionally approving the ARR for FY 2018-19 to FY 2020-21.

5.2 Energy Sales

Petitioner's Submission

The Petitioner has estimated the number of consumers, connected load and sales for various consumer categories primarily based on the Compounded Annual Growth Rate (CAGR) trends during the last few years. The Petitioner has considered the actual 9-month sales, number of consumers, and connected load for FY 2018-19, i.e., up to December 2019, and estimated the values for FY 2018-19 proportionately. The estimated values for FY 2018-19 have been considered as the base values to realistically project the sales, number of consumers, and connected load for FY 2019-20 and FY 2020-21.

The Petitioner submitted that separate sales figure has not been reported for Streetlight category till FY 2017-18 due to absence of separate feeders and meters, as they were being fed through common feeders of other categories like NRGP, LTMD, etc. From FY 2018-19 onwards, based on load survey, separate sales figures have been recorded for Streetlight category.

The category-wise growth rates/assumptions considered by the Petitioner for projecting the sales, number of consumers, and connected load for FY 2019-20 and FY 2020-21 are shown in the Table below:

Table 5-1: Category-wise Growth Rates/Assumptions considered by DPT

Sr No	Consumer Category	Sales	Number of Consumers	Connected Load	Remarks
1	RGP	-5.88%	-14.32%	-14.32%	5-year CAGR
2	NRGP	4.61%	4.98%	6.09%	5-year CAGR for sales and 1-year CAGR for consumers and connected load, due to consumer shifting
3	LTMD	5.00%	*	*	Subjective assumption, based on reduction in number of consumers
4	Street Lights	5.00%	5.00%	5.00%	Nominal subjective growth rate, in absence of past data
5	Temporary	-18.23%	-8.22%	-5.55%	5-year CAGR
6	HT	10.00%	*	*	Subjective assumption, based on projected addition in number of consumers

The category-wise energy sales, number of consumers and connected load projected by the Petitioner are shown in the Tables below:

Table 5-2: Energy Sales for FY 2018-19 to FY 2020-21 as submitted by DPT (LUs)

Sr. No.	Consumer Category	FY 2018-19	FY 2019-20	FY 2020-21
1	RGP	5.77	5.43	5.11
2	NRGP	22.58	23.62	24.71
3	LTMD	26.31	27.63	29.01

Sr. No.	Consumer Category	FY 2018-19	FY 2019-20	FY 2020-21
4	Street Lights	15.18	15.94	16.73
5	Temporary	5.10	4.17	3.41
6	HT	55.20	152.70	250.76
7	**Total**	**130.14**	**229.48**	**329.72**

Table 5-3: Projected Number of Consumers for FY 2018-19 to FY 2020-21 as submitted by DPT (Nos.)

Sr. No.	Consumer Category	FY 2018-19	FY 2019-20	FY 2020-21
1	RGP	551	472	404
2	NRGP	211	221	232
3	LTMD	14	8	8
4	Street Lights	15	16	17
5	Temporary	71	65	60
6	HT	8	15	15
7	**Total**	**870**	**797**	**736**

Table 5-4: Projected Connected Load for FY 2018-19 to FY 2020-21 as submitted by DPT (kW)

Sr. No.	Consumer Category	FY 2018-19	FY 2019-20	FY 2020-21
1	RGP	1,102	944	809
2	NRGP	1,389	1,474	1,563
3	LTMD	1,154	563	563
4	Street Lights	850	893	937
5	Temporary	418	395	373
6	HT	5,952	11,462	11,462
7	**Total**	**10,865**	**15,730**	**15,707**

Commission’s Analysis

The Commission has noted the category-wise sales projected by the Petitioner for FY 2018-19 to FY 2020-21. The Petitioner has projected a steep rise in the sales of HT category from 53 LUs in FY 2017-18 to 153 LUs in FY 2019-20 and further to 251 LUs in FY 2020-21.

In response to the Commission's query in this regard, the Petitioner submitted that it is expecting higher sales in the coming years on account of the development of Smart Industrial Port City (SIPC), Kandla. The Petitioner is in discussion with various Industrial Companies including IOCL, Emami Agrotech Ltd. and others for power supply. Further, M/s Emami has applied for immediate requirement of power to the tune of 1 MW (approx.) with an expected enhancement in demand of 4 MW within a short period of time. Also, in FY 2019-20, six LTMD consumers have been shifted to HT consumer category.

In response to the Commission's query regarding non-consideration of reduction in LTMD consumption despite the projected shift of 6 consumers to HT category, the Petitioner submitted that it has conducted detailed load survey activities in FY 2018-19 to assess the connected load in the distribution system. LTMD category has observed a constant variation in sales in the last five years. While conducting detailed load survey activities, it was identified that out of the total 14 LTMD consumers in FY 2018-19, around 6 consumers were operating at higher loads, and they have subsequently been shifted to HT category in FY 2018-19. The remaining 8 LTMD consumers were found to be operating at part load during this phase. However, the demand from these 8 LTMD consumers is expected to increase in the near future and they are expected to operate at close to their full load due to growth in their business segments, which will increase their electricity consumption. Hence, DPT has considered a nominal 5% growth in LTMD category consumption.

As detailed in the True-up Chapter, the 'actual' category-wise sales reported in previous years are not based on actual meter reading but are assessed/ allocated sales. In response to the Commission's query, the Petitioner has stated that it has initiated the tendering process for procurement and replacement of all defective meters at consumer premises and for providing meters for all unmetered installations. The Petitioner has stated that it is making efforts to install new meters before 31 March, 2020.

The Commission is of the view that the Licensee is in the best position to judge the sales growth, especially in this case, on account of the expected addition of new consumers having large loads. However, the past sales data, based on which the Petitioner has computed the CARG and projected sales for the future years, is unreliable. In reply to the Commission's queries, the Petitioner submitted the 'unaudited actual sales' for FY 2018-19. Hence, the Commission provisionally approves the category-wise sales as projected by the Petitioner, as shown in the Table below. Once, the meters are installed and actual metered sales data is made available, the Commission may revise the sales projections.

5.3 Distribution Losses

Petitioner's Submission

The Petitioner has submitted that the most of the meters are not in working condition, and are either damaged, defective or accuracy is a concern. Hence, computation of actual distribution losses is not feasible. The Petitioner has considered a distribution loss level of 5% for FY 2011-12 to 2015-16. Similarly, for the next Control Period, the Petitioner has projected Distribution Losses of 5%.

Commission's Analysis

As stated earlier, the 'actual' category-wise sales are not actual sales, as they are not metered sales but assessed/allocated sales. As a result, the Distribution Losses projected by DPT for this period are also not based on actual, as they are not based on the difference between the energy injected into the system and the energy sold. The Distribution Losses projected by DPT are assessed, and the basis for such assessment is also not clear, as DPT has simply submitted that the assessment is based on its operational area, consumer categories and load survey.

In response to the Commission's query, the Petitioner submitted that it has initiated the tendering process for procurement and replacement of all defective meters at consumer premises and also all unmetered installations will be provided with energy meters. As a first step, ten (10) nos. of 3-phase meters have already been procured on an urgent basis through Government Portal (GeM) and installation work has been completed satisfactorily. Further action is underway for replacement of remaining meters and the Petitioner shall make adequate efforts to install new meters as early as possible.

The Commission is of the view that proper determination of Distribution Losses will be possible only after authentic sales data based on actual meter reading is available. However, on account of lack of any other data, the Commission has provisionally considered the Distribution Losses as submitted by the Petitioner for FY 2018-19 to FY 2020-21, as shown in the Table below:

Table 5-5: Provisional Distribution Losses considered for FY 2018-19 to FY 2020-21 (%)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21

	DPT Petition	Provisionally considered	DPT Petition	Provisionally considered	DPT Petition	Provisionally considered
Distribution Losses	5%	5%	5%	5%	5%	5%

The Commission directs the Petitioner to take up the metering process with utmost urgency and complete the process as soon as possible and maintain the proposed timelines, so that the next Petition is based on actual metered sales data.

5.4 Energy Requirement

Petitioner's Submission

The Petitioner submitted that it had projected the energy requirement by grossing up the projected sales with the projected Distribution Losses for FY 2018-19 to FY 2020-21, as shown in the Table below:

Table 5-6: Energy Requirement for FY 2018-19 to FY 2020-21 as submitted by DPT (LUs)

Sr. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	Energy Sales	130.14	229.48	329.72
2	Distribution Losses (%)	5%	5%	5%
3	Distribution Losses	6.51	11.47	16.49
4	**Total Energy Requirement**	**136.65**	**240.96**	**346.21**

Commission's Analysis

As stated earlier, the Commission has provisionally considered the category-wise sales and Distribution Losses as submitted by the Petitioner for FY 2018-19 to FY 2020-21, in the absence of authentic metered sales data. As observed in the analysis of FY 2016-17 and FY 2017-18, the Petitioner has erred in grossing up the Sales with the Distribution Losses, as the Distribution Losses have been considered on the sales quantum, though the Distribution Losses are considered based on the energy requirement. The provisional energy requirement for each year has been considered by grossing up the provisional sales with the provisional Distribution Losses, as shown in the Table below:

Table 5-7: Provisional Energy Requirement for FY 2018-19 to FY 2020-21 (LUs)

Sr. No.	Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
		DPT Petition	Provisionally considered	DPT Petition	Provisionally considered	DPT Petition	Provisionally considered
1	Energy Sales	130.14	128.64	229.48	229.48	329.72	329.72
2	Distribution Losses (%)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
3	Distribution Losses	6.51	6.77	11.48	12.08	16.49	17.35
4	**Total Energy Requirement**	**136.65**	**135.41**	**240.96**	**241.56**	**346.21**	**347.08**

5.5 Power Purchase Cost

Petitioner's Submission

The Petitioner has submitted that the total energy requirement from FY 2018-19 to FY 2020-21 is projected to be primarily fulfilled by the wind power plant of 6 MW. The balance energy requirement is projected to be fulfilled from Power Exchange and PGVCL in the ratio of 95% and 5%, based on day-to-day scheduling and power purchase management.

5.5.1 Power Purchase Sources

1. Wind Power Plant

The Petitioner submitted that DPT's Electrical Division consumed power from the 6 MW Wind Power Plant at the rate of Rs. 4.20/kWh. Considering the recent reduction in prices of wind power, the purchase price was reviewed and prices were reduced to Rs. 3.20/kWh from 1st April 2018 onwards. In order to optimise the Power Purchase cost, the total energy requirement of FY 2018-19 is primarily fulfilled by the Wind Power Plant at 103.76 LUs with Capacity Utilisation Factor (CUF) of 19.74%. The approved GETCO Transmission Losses have been considered as 3.85% by the Petitioner. For FY 2019-20 and FY 2020-21, the Petitioner has considered the energy requirement to be primarily fulfilled by the Wind Power Plant at 152.42 LUs at with CUF of 29%. The Petitioner submitted that the CUF of the Wind Power Plant has been increased from 19.74% to 29%, as most of the issues, including some Right of Way (RoW) issues have been resolved and now wind plants are stabilized and thus, these plants are expected to run at optimum CUF levels of 29% for FY 2019-20 and FY 2020-21.

Power Exchange

The Petitioner has projected to meet the additional power requirement from Power Exchanges to optimise its total Power Purchase cost from FY 2019-20 onwards. The Petitioner has projected to procure 95% of the additional power requirement from Power Exchanges. The Petitioner has considered PoC losses of 1.47% as per Gujarat withdrawal losses and 3.85% GETCO Losses.

The Petitioner submitted that the landed cost of purchase from Power Exchange has been calculated by taking the Indian Energy Exchange (IEX) price of FY 2017-18 at Rs. 3.237/kWh, and escalating the same by 2.5% annually, to arrive at the rate of Rs. 3.40/kWh for FY 2019-20. The Petitioner submitted that the actual IEX price of FY 2018-19 has not been considered for escalation purposes as the same were observed to be abnormally high, considering the historical trends and prevailing prices at Power Exchanges. The Petitioner has considered the Open Access charges equal to Rs. 0.8922/kWh for FY 2019-20, to arrive at the landed cost of Rs. 4.29/kWh for purchase from Power Exchange for FY 2019-20 and FY 2020-21.

2. PGVCL

The Petitioner submitted that it receives supply at 66 kV from PGVCL with a Contract Demand of 2500 kVA. The Petitioner has projected to procure the balance 5% additional power from PGVCL. The Petitioner submitted that with the expected addition of a new HT consumer of 3 MW from October 2019 and with the formation of SIPC Kandla in the near future, it is planning to increase its Contract Demand, and has considered Contract Demand of 4375 MVA and 6250 MVA for FY 2019-20 and FY 2020-21, respectively. The rate of purchase from PGVCL has been considered as Rs. 6.22/kWh as per actual bills received from PGVCL for FY 2018-19.

3. Renewable Purchase Obligation

The Petitioner submitted that in accordance with the GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 and its Amendment in 2014, the Distribution Licensees are obligated to procure a defined minimum percentage of electricity from renewable energy (RE) sources. The RPO target specified by the Commission for FY 2018-19 to FY 2020-21 and the corresponding quantum of RE to be procured by the Petitioner, is shown in the Table below:

Table 5-8: RPO Target (LUs)

Description	Solar		Wind		Others (Biomass, Small Hydro, Bagasse, MSW)	
	%	Quantum	%	Quantum	%	Quantum
2018-19	4.25%	5.81	7.95%	10.86	0.50%	0.68
2019-20	5.50%	13.25	8.05%	19.40	0.75%	1.81
2020-21	6.75%	23.37	8.15%	28.22	0.75%	2.60

The Petitioner submitted that for previous years, the Commission has exempted the Petitioner from compliance with RPO targets, on the grounds that the Petitioner is procuring power from PGVCL, which consists of RE component also.

The Petitioner submitted that it has projected power purchase quantum from the Wind Power Plant for FY 2018-19 to FY 2020-21, which is in excess of the overall RPO requirement. As the Petitioner is procuring most of its power through wind, which is a renewable source, the Petitioner requested the Commission for considering the power procurement from wind to meet the overall RPO target. The Petitioner added that it is also planning to procure power from solar power projects in the future, for further optimising the power purchase costs.

4. Transmission and SLDC Charges

The Petitioner submitted that the actual Transmission and SLDC Charges for 9 months of FY 2018-19, i.e., till December 2018, have been pro-rated for 12 months to compute the Transmission and SLDC Charges for FY 2018-19. The Transmission and SLDC Charges have been escalated at the nominal rate of 5% annually, to compute the Transmission and SLDC Charges for FY 2019-20 and FY 2020-21.

The summary of the power purchase costs claimed by the Petitioner for FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-9: Power Purchase as submitted by DPT for FY 2018-19 to FY 2020-21

Sr. No.	Particulars	FY 2018-19			FY 2019-20			FY 2020-21		
		Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)	Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)	Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)
1	PGVCL	36.88	349.06	9.46	4.72	214.99	45.55	9.98	328.57	32.91
2	Wind Farm	99.77	332.04	3.33	146.56	487.76	3.33	146.56	487.76	3.33
3	Power Exchange				94.40	405.28	4.29	199.66	857.14	4.29
4	Transmission Charges, UI, SLDC Charges		93.15			97.80			102.69	
5	TOTAL	136.65	774.24	5.67	245.68	1205.83	4.91	356.20	1776.15	4.99

Commission's Analysis

The Commission sought details from the Petitioner regarding the actual source-wise power purchase quantum and cost for FY 2018-19. In reply, the Petitioner submitted the unaudited actual data for FY 2018-19, as shown in the Table below:

Table 5-10: Unaudited Power Purchase for FY 2018-19 as submitted by DPT

Sr. No.	Particulars	FY 2018-19		
		Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)
1	PGVCL	39.82	366.44	9.20
2	Wind Farm	85.92	274.94	3.20
3	Power Exchange			
4	Transmission Charges, UI, SLDC Charges		187.41	
5	**TOTAL**	**125.74**	**828.74**	**6.59**

In the above Table, the total quantum of power purchase does not tally with the Energy Requirement computed for FY 2018-19 based on the provisional actual sales and provisional Distribution Losses of 5% considered by the Petitioner. Hence, the Commission has adjusted the quantum of purchase from the Wind Project, as the quantum of purchase from PGVCL is based on metered energy billed by PGVCL.

1. <u>Wind Power Plant</u>

The Petitioner has started procuring power from its own Wind Power Plant from FY 2017- 18. The Petitioner has considered the rate of Rs. 3.20/kWh for purchase from its own Wind Power project from FY 2018-19 onwards considering the recent developments of reduction in prices of wind power.

As elaborated in the true-up Chapter, the Commission had directed all Distribution Licensees to procure RE power through competitive bidding, which has not been done by the Petitioner, and neither is there any Arrangement between the Petitioner and its Project Division. Accordingly, the Commission has considered the approved rate of Rs. 3.46/kWh for FY 2017-18 in line with the rate approved for the PPA executed by GUVNL. However, the Commission notes that the Petitioner has requested to consider Rs. 3.20/kWh for purchase from its wind power plants with effect from 01st April, 2018 onwards in view of the recent developments of reduction in prices of wind power. Hence, the Commission has accepted the Petitioner's submission and decided to consider the rate of Rs. 3.20/kWh for all the years from FY 2018-19 onwards.

Further, the Petitioner has considered CUF of 29% from the Wind Power Plant for FY 2019-20 and FY 2020-21, as against 19.74% in FY 2018-19. In response to the Commission's query in this regard, the Petitioner submitted that that in order to optimize the overall power procurement costs, it is making efforts to maximize the generation from its wind power plant. There have been some RoW issues in the initial phases due to which the wind plant was not operational and CUF of the wind plant has had been low. The Petitioner submitted that the wind plant is now stabilized and most of the issues have been resolved and hence, the Petitioner is expecting the plant to run at its optimum CUF levels and has accordingly considered the CUF levels at 29% for FY 2019-20 and FY 2020-21.

The Petitioner's projection of higher CUF for the Wind Plant is also linked to the projected increase in sales. The Commission has provisionally accepted the sales projections as submitted by the Petitioner. For considering the provisional power purchase quantum and cost for FY 2019-20 and FY 2020-21, the Commission has accepted the Petitioner's projection of CUF, which will be subject to true-up based on actuals, when submitted by the Petitioner.

2. <u>Power Exchange</u>

The Petitioner has proposed to fulfil its remaining power requirement, after utilising the power purchased from the Wind Power Plant, from the Power Exchanges and PGVCL in the ratio of

95% and 5%. The Petitioner has considered the rate of purchase from Power Exchanges as Rs. 4.29/kWh for FY 2019-20 and FY 2020-21, which is in line with the rate approved by the Commission for purchase of power by Distribution Licensees from Power Exchanges for FY 2019-20 and FY 2020-21. The Commission has provisionally considered this rate for estimating the power purchase cost for FY 2019-20 and FY 2020-21.

However, the Commission is concerned with the Petitioner's philosophy of purchasing the majority (around 55% in FY 2020-21) of its power requirement from the Power Exchange. Every Distribution Licensee is required to have an optimal mix of long-term/medium-term power procurement sources, and a small component of short-term/bilateral/Power Exchange power procurement, to manage the variation in demand. Further, only 5% of the power is coming from a firm source, i.e., PGVCL. The balance 40% is proposed to be procured from the Wind Power project, which is also seasonal and has intra-day variations as well.

The Petitioner is required to enter into long-term/medium-term PPA to optimize the power procurement cost as per the Guidelines for Procurement of Power by Distribution Licensees (Notification No. 2 of 2013) issued by the Commission.

Hence, the Petitioner should explore the possibility of tying up long-term/medium-term power procurement sources through competitive bidding, for the major part of its projected demand. The Petitioner should submit such power procurement plan along with its next Petition.

3. PGVCL

As regards the higher cost of power purchase from PGVCL, the Petitioner has submitted that as per the PPA with PGVCL, the Petitioner has to pay for the Fixed Charges as per the Contract Demand, even though the units purchased have reduced significantly. This has resulted into high per unit rate of power purchase from PGVCL.

The Commission has provisionally considered the Contract Demand as projected by the Petitioner for FY 2019-20 and FY 2020-21, which is based on the expected increase in demand due to addition of new consumers. For estimating the power purchase cost for FY 2019-20 and FY 2020-21, the Commission has considered the Demand Charges and Energy Charges as approved for PGVCL for the respective Years. It is observed that the higher Demand Charges on account of the higher projected Contract Demand, coupled with a very low energy drawal from PGVCL, is resulting in a very high rate of power purchase from PGVCL. The Contract Demand needs to be rationalised based on realistic assessment of demand. The Petitioner is also directed to explore the possibility of purchasing power at competitive rates as per the Guidelines issued by the Ministry of Power, Government of India, through competitive bidding process.

4. Renewable Purchase Obligation

The Petitioner is presently procuring and proposes to procure non-solar RE power much in excess of the non-Solar RPO target. However, the RPO Regulations do not allow fungibility between the Solar RPO and Non-Solar RPO, i.e., excess achievement against non-Solar RPO cannot be used to offset under-achievement against Solar RPO, And vice-versa. However, the actual RPO requirement would depend on the sales, which are highly uncertain at this stage. Hence, at this stage, the Commission has not considered any separate cost against achievement of Solar RPO. The Commission shall take a view on the same, based on the submissions of the Petitioner, at the time of suo-motu assessment of Distribution Licensees vis-à-vis the RPO targets for the respective years.

5. Transmission and SLDC Charges

The Transmission Charges and SLDC Charges have been provisionally considered as submitted by the Petitioner for FY 2019-20 and FY 2020-21.

The summary of the provisionally considered power purchase quantum and costs for FY 2018-19 to FY 2020-21 are shown in the Tables below:

Table 5-11: Provisional Power Purchase Quantum and Cost for FY 2018-19

Sr. No.	Particulars	DPT Petition			Provisionally Considered		
		Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)	Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)
1	PGVCL	36.88	349.06	9.46	39.82	366.44	9.20
2	Wind Farm	99.77	332.04	3.33	95.59	305.89	3.20
3	Power Exchange						
4	Transmission Charges, UI, SLDC Charges		93.15			187.41	
5	**TOTAL**	**136.65**	**774.24**	**5.67**	**135.41**	**859.74**	**6.35**

Table 5-12: Provisional Power Purchase Quantum and Cost for FY 2019-20

Sr. No.	Particulars	DPT Petition			Provisionally Considered		
		Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)	Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)
1	PGVCL	4.72	214.99	45.55	4.72	207.90	44.05
2	Wind Farm	146.56	487.76	3.33	146.56	468.99	3.20
3	Power Exchange	94.40	405.28	4.29	90.28	387.59	4.29
4	Transmission Charges, UI, SLDC Charges		97.80			97.80	
5	**TOTAL**	**245.68**	**1205.83**	**4.91**	**241.56**	**1162.29**	**4.81**

Table 5-13: Provisional Power Purchase Quantum and Cost for FY 2020-21

Sr. No.	Particulars	DPT Petition			Provisionally Considered		
		Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)	Qtm. (LUs)	Cost (Rs. Lakh)	Rate (Rs/ kWh)
1	PGVCL	9.98	328.57	32.91	9.98	330.34	33.09
2	Wind Farm	146.56	487.76	3.33	146.56	468.99	3.20
3	Power Exchange	199.66	857.14	4.29	190.54	817.98	4.29
4	Transmission Charges, UI, SLDC Charges		102.69			102.69	
5	**TOTAL**	**356.20**	**1776.15**	**4.99**	**347.08**	**1720.01**	**4.96**

5.6 Operation and Maintenance (O&M) Expenses

Petitioner's Submission

The Petitioner submitted that the actual O&M expenses are lower as compared to the normative O&M expenses for FY 2016-17 and FY 2017-18 projected in accordance with the GERC (MYT) Regulations, 2016. Hence, in order to optimise the Revenue Gap, the Petitioner has not projected the O&M expenses for FY 2018-19 to FY 2020-21 strictly in accordance with the GERC (MYT) Regulations, 2016.

The Petitioner has projected the Employee Expenses and R&M Expenses for FY 2018-19 to FY 2020-21, by considering the base as actual value of FY 2017-18, and escalating annually with an escalation factor of 5.72%. For A&G Expenses, the Petitioner has considered the base as actual value of FY 2016-17, as the actual A&G expenses for FY 2017-18 was very low, and not in tandem with historical trends due to reduction in major components such as Licence Fees and Consultancy Fees. The O&M expenses projected by the Petitioner for FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-14: O&M Expenses for FY 2018-19 to FY 2020-21 as submitted by DPT (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Employee Expenses	186.24	196.90	208.16
R&M Expenses	119.24	126.06	133.27
A&G Expenses	35.85	37.90	40.07
Total O&M Expenses	**341.34**	**360.86**	**381.50**

Commission's Analysis

The Commission observed that the employee expenses of the Petitioner were lower in FY 2017-18 as compared to FY 2016-17. In response to the Commission's query, the Petitioner submitted that the employee expenses were lower in FY 2017-18 due to retirement of higher salaried staff after superannuation, who were replaced with newer staff with lower salaries.

As stated in the earlier Chapter, the O&M expenses approved for FY 2017-18 has been considered as the base value, and escalated at the rate of 5.72%, for projecting the O&M expenses for FY 2018-19 to FY 2020-21, in accordance with the GERC (MYT) Regulations, 2016. The O&M expenses thus projected as shown in the Table below, shall be considered as provisionally approved for FY 2018-19 to FY 2020-21:

Table 5-15: Normative O&M Expenses provisionally computed by the Commission for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
	DPT	Provisionally Computed	DPT	Provisionally Computed	DPT	Provisionally Computed
O&M Expenses	341.34	308.91	360.86	326.58	381.50	345.26

5.7 Capital Expenditure, Capitalization and Sources of Funding

Petitioner's Submission

The petitioner submitted that it takes very cautious approach for incurring capital expenditure, so as not to burden its consumers with higher tariff and has only incurred adequate capital expenditure for improvement of distribution network. Further, the capital expenditure incurred during the year will be capitalised in the same year. The Petitioner submitted that though the capital expenditure will be entirely funded by own equity, for the purpose of the Petition, the funding of the capital expenditure has been considered in the normative Debt-Equity ratio of 70:30 in accordance with the GERC (MYT) Regulations, 2016. The scheme-wise capital expenditure projected by the Petitioner from FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-16: Capital Expenditure as submitted by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Consumer Metering	-	48.00	-
Network Augmentation	-	10.00	-
Capital Expenditure Total	-	**58.00**	-

The Petitioner has submitted the projected capitalisation and its funding for FY 2018-19 to FY 2020-21, as shown in the Table below:

Table 5-17: Capitalization submitted by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Total Capitalization	-	58.00	-
Debt	-	40.60	-
Equity	-	17.40	-

Commission's Analysis

The Petitioner has projected to undertake capital expenditure of Rs. 58.00 lakh in FY 2019-20, comprising Rs. 48 lakh for achieving 100% consumer metering and Rs. 10 lakh for Network Augmentation for the regular increase in consumer load. Both these schemes are essential, with 100% consumer metering long overdue. If the consumer addition happens as envisaged, then the related network augmentation would also have to be undertaken.

In view of the above, the Commission has provisionally approved the Capital Expenditure and Capitalization as projected by the Petitioner. The assessment of actual vs. projected capitalisation shall be done at the time of truing up for the respective year. The funding of the capitalisation has been considered in the normative Debt-Equity ratio of 70:30 in accordance with the GERC (MYT) Regulations, 2016. The scheme-wise capital expenditure and capitalisation, and its funding, as provisionally considered by the Commission for the period from FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-18: Capitalisation provisionally considered by the Commission for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Particulars	FY 2018-19	FY 2019-20	FY 2020-21
Consumer Metering	-	48.00	-
Network Augmentation	-	10.00	-
Total Capitalisation	-	**58.00**	-
Debt	-	40.60	-
Equity	-	17.40	-

5.8 Depreciation

Petitioner's Submission

The Petitioner submitted that it has claimed depreciation at the rates specified in the GERC (MYT) Regulations, 2016. The Petitioner has considered the closing value of GFA for FY 2017-18 as the opening value of GFA for FY 2018-19. The projected addition to GFA during FY 2018-19 to 2020-21 has been considered based on the projected capitalisation for each year. Depreciation has been calculated taking into consideration the opening GFA and the addition to GFA during the year. The Depreciation projected by the Petitioner for FY 2018-19 to 2020-21 is shown in the Table below:

Table 5-19: Depreciation projected by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	Opening GFA	4523.35	4,523.35	4581.35
2	Addition During the Year	-	58.00	0.00
3	Closing GFA	4523.35	4,581.35	4581.35
4	**Depreciation for the year**	**233.36**	**234.89**	**236.42**
5	Average Rate of Depreciation	5.16%	5.16%	5.16%

Commission's Analysis

The Commission has provisionally computed the depreciation on the average of opening and closing GFA for each year in accordance with the depreciations rates specified in the GERC (MYT) Regulations, 2016. The closing GFA value of FY 2017-18 has been considered as the opening GFA value of FY 2018-19, with the addition to GFA in each Year considered as per the provisional capitalisation considered by the Commission. The Commission has provisionally computed the depreciation for FY 2018-19 to FY 2020-21 as shown in the Table below:

Table 5-20: Depreciation provisionally computed by the Commission for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
		DPT	Provisionally Computed	DPT	Provisionally Computed	DPT	Provisionally Computed
1	Opening GFA	4523.35	4523.35	4,523.35	4,523.35	4581.35	4581.35
2	Addition During the Year	-	-	58.00	58.00	0.00	0.00
3	Closing GFA	4523.35	4523.35	4,581.35	4,581.35	4581.35	4581.35
4	**Depreciation for the year**	**233.36**	**233.36**	**234.89**	**234.89**	**236.42**	**236.42**
5	Average Rate of Depreciation	5.16%	5.16%	5.16%	5.16%	5.16%	5.16%

5.9 Interest Expenses

Petitioner’s Submission

The Petitioner has submitted that the entire capital expenditure since its inception has been self-funded through budgetary support, however, in accordance with the applicable GERC (MYT) Regulations, the Petitioner has considered the opening GFA and addition to GFA to be funded in the normative debt:equity ratio of 70:30. The Petitioner has considered the closing value of loans for FY 2017-18 as the opening value of loans for FY 2018-19. The projected normative loan addition during FY 2018-19 to 2020-21 has been considered based on the projected capitalisation for each year. The loan repayment has been considered equal to the depreciation computed for the respective year.

The Petitioner submitted that as there are no actual loans, the interest rate has been considered equal to Bank Rate plus 200 basis points, in accordance with Regulation 38.5 of the GERC (MYT) Regulations, 2016.

The Petitioner has projected the Interest & Finance Charges for the period from FY 2018-19 to FY 2020-21 as shown in the Table below:

Table 5-21: Interest & Finance Charges submitted by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	Opening Loans	1,578.06	1,344.70	1,150.40
2	Loan Additions during the Year	-	40.60	-
3	Repayment during the Year	233.36	234.89	236.42
4	Closing Loans	1,344.70	1,150.40	913.98
5	Average Loans	1,461.38	1,247.55	1,032.19
6	Rate of Interest	8.25%	8.50%	8.50%
7	**Interest on Loan**	**120.56**	**106.04**	**87.74**

Commission's Analysis

The Commission has considered the closing balance of loan for FY 2017-18 as the opening balance of loans for FY 2018-19. As elaborated in the previous Chapter, the closing balance of loans for FY 2017-18 is Nil. As per GERC (MYT) Regulations, 2016, the amount of Depreciation for the year is considered equal to the repayment for the year. As the depreciation amount for each Year is higher than the normative loan amount, the normative interest on loans works out to Nil for each year. The rate of interest has been considered equal to Bank Rate plus 200 basis points, in accordance with Regulation 38.5 of the GERC (MYT) Regulations, 2016, in the absence of actual loans for the Petitioner. The provisional computation of interest expenses by the Commission for the period from FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-22: Interest Expenses provisionally computed by the Commission for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
		DPT	Provisionally Computed	DPT	Provisionally Computed	DPT	Provisionally Computed
1	Opening Loans	1,578.06	-	1,344.70	-	1,150.40	-
2	Loan Additions during the Year	-	-	40.60	40.60	-	-
3	Repayment during the Year	233.36	233.36	234.89	234.89	236.42	236.42
4	Closing Loans	1,344.70	-	1,150.40	-	913.98	-
5	Average Loans	1,461.38	-	1,247.55	-	1,032.19	-
7	Average Interest on Loan	8.25%	-	8.50%	-	8.50%	-
8	**Interest on Loan**	**120.56**	**-**	**106.04**	**-**	**87.74**	**-**

5.10 Interest on Working Capital

Petitioner's Submission

The Petitioner submitted that it has calculated the normative Interest on Working Capital (IoWC) for FY 2018-19 to FY 2020-21 in accordance with the GERC (MYT) Regulations, 2016. The Petitioner has assumed a nominal annual increase of 10% in the Consumer Security Deposit for FY 2018-19 to FY 2020-21 over the actual amount as per audited accounts of FY 2017-18. The IoWC submitted by the Petitioner for FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-23: Interest on Working Capital submitted by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	O&M expenses	28.44	30.07	31.79
2	Maintenance Spares	45.23	45.23	45.81
3	Receivables	82.08	146.53	195.71
4	Less: Consumer Security Deposit	119.12	131.03	144.13
5	Total Working Capital	36.64	90.81	129.18

6	Interest Rate (%)	10.65%	11.05%	11.05%
7	**Interest on Working Capital**	**3.90**	**10.03**	**14.27**

Commission's Analysis

In line with the approach adopted in the true-up, the Commission has not allowed normative working capital interest for the Petitioner for the period from FY 2018-19 to FY 2020-21. The normative IoWC provisionally computed by the Commission for FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-24: Normative IoWC computed by the Commission for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
		DPT	Provisionally Computed	DPT	Provisionally Computed	DPT	Provisionally Computed
1	O&M expenses	28.44	-	30.07	-	31.79	-
2	Maintenance Spares	45.23	-	45.23	-	45.81	-
3	Receivables	82.08	-	146.53	-	195.71	-
4	Less: Consumer Security Deposit	119.12	-	131.03	-	144.13	-
5	Total Working Capital	36.64	-	90.81	-	129.18	-
6	Interest Rate (%)	10.65%	10.65%	11.05%	10.65%	11.05%	10.65%
7	**Interest on Working Capital**	**3.90**	**-**	**10.03**	**-**	**14.27**	**-**

5.11 Interest on Security Deposit

Petitioner's Submission

The Petitioner submitted that the Consumer Security Deposit as on 31st March 2018 was Rs. 108.29 lakh as per the Audited Accounts. The Petitioner has considered the interest payable on the Consumer Security Deposit at the Bank Rate. Further, the Consumer Security Deposit has been escalated annually by 10% over actual amount at the end of FY 2017-18, for projection of Consumer Security Deposit for FY 2018-19 to FY 2020-21. The interest on Consumer Security Deposit projected by the Petitioner for FY 2018-19 to 2020-21 is shown in the Table below:

Table 5-25: Interest on Consumer Security Deposit projected by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	Amount of Consumer Security Deposit	119.12	131.03	144.13
2	Bank Rate (%)	6.25%	6.50%	6.50%
3	**Interest on Consumer Security Deposit**	**7.44**	**8.52**	**9.37**

Commission Analysis

As stated in the analysis of FY 2016-17 and FY 2017-18, there is no evidence that the Petitioner has paid interest on Consumer Security Deposit, as the same is not reflected in the Audited Accounts. Hence, the Commission has not considered Interest on Consumer Security Deposit as an expense for the period from FY 2018-19 to FY 2020-21. The same shall be considered based on actuals at the time of truing up for the respective years, based on the Audited Accounts and in accordance with the provisions of the GERC (MYT) Regulations, 2016.

5.12 Return on Equity (RoE)

Petitioner's Submission

The Petitioner submitted that the opening balance of equity for FY 2018-19 has been considered equal to the closing balance of equity for FY 2017-18. The addition to equity in each year has been considered as per the normative debt-equity ratio of 70:30 on the projected capitalisation for the respective year. The rate of Return in Equity (RoE) has been considered as 14%, in accordance with the GERC (MYT) Regulations, 2016. The RoE submitted by the Petitioner for FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-26: Return on Equity submitted by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sl. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	Opening Equity	1,357.00	1,357.00	1,374.40
2	Equity Addition during the Year	-	17.40	-
3	Closing Equity	1,357.00	1,374.40	1,374.40

Sl. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
4	Average Equity	1,357.00	1,365.70	1,374.40
5	Rate of Return on Equity	14%	14%	14%
6	**Return on Equity**	**189.98**	**191.20**	**192.42**

Commission's Analysis

The Commission has considered the closing balance of equity for FY 2017-18 as the opening balance of equity for FY 2018-19. The rate of RoE has been considered as 14% in accordance with the GERC (MYT) Regulations, 2016. The provisional computation of RoE by the Commission for the period from FY 2018-19 to FY 2020-21 is shown in the Table below:

Table 5-27: RoE provisionally computed by the Commission for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
		DPT	Provisionally Computed	DPT	Provisionally Computed	DPT	Provisionally Computed
1	Opening Equity	1,357.00	1,357.00	1,357.00	1,357.00	1,374.40	1,374.40
2	Equity Addition during the year	-	-	17.40	17.40	-	-
3	Closing Equity	1,357.00	1,357.00	1,374.40	1,374.40	1,374.40	1,374.40
4	Average Equity	1,357.00	1,357.00	1,365.70	1,365.70	1,374.40	1,374.40
5	Rate of Return on Equity	14%	14%	14%	14%	14%	14%
6	**Return on Equity**	**189.98**	**189.98**	**191.20**	**191.20**	**192.42**	**192.42**

5.13 Income Tax

Petitioner's Submission

The Petitioner submitted that in FY 2016-17 and FY 2017-18, no Income Tax was paid by the Petitioner even under the MAT rule. Therefore, the Petitioner has not considered any provisional Income Tax for its business for FY 2018-19 to FY 2020-21.

Commission Analysis

The Commission has considered the provisional Income Tax as Nil for FY 2018-19 to FY 2020-21.

5.14 Non-Tariff Income

Petitioner's Submission

The Petitioner submitted that it has projected the income from the interest received from the security deposit with PGVCL and Meter connection charges for FY 2018-19 to FY 2020-21, on the basis of actual Non-Tariff Income for FY 2017-18.

Commission's Analysis

The Commission has provisionally considered the Non-Tariff Income equal to the interest received from the security deposit with PGVCL and the meter connection charges, as projected by the Petitioner, as shown in the Table below:

Table 5-28: Non-Tariff Income provisionally computed by the Commission for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
		DPT	Provisionally Computed	DPT	Provisionally Computed	DPT	Provisionally Computed
1	Interest on PGVCL security deposit	21.34	21.34	21.34	21.34	21.34	21.34
2	Meter Connection charges	0.24	0.24	0.24	0.24	0.24	0.24
	Total	**21.59**	**21.59**	**21.59**	**21.59**	**21.59**	**21.59**

5.15 Aggregate Revenue Requirement

Petitioner's Submission

The Petitioner submitted the Summary of ARR projected for the period from FY 2018-19 to FY 2020-21 as shown in the Table below:

Table 5-29: Summary of ARR projected by DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	Power Purchase Expenses	774.25	1,205.83	1,776.15
2	O&M Expenses	341.34	360.86	381.50
3	Depreciation	233.36	234.89	236.42
4	Interest & Finance Charges	120.56	106.04	87.74
5	Interest on Working Capital	3.90	10.03	14.27
6	Interest on Security Deposit	7.44	8.52	9.37
7	**Total Revenue Expenditure**	**1,480.86**	**1,926.18**	**2,505.46**
8	Return on Equity	189.98	191.20	192.42
9	Income Tax	-	-	-
10	**Aggregate Revenue Requirement**	**1,670.84**	**2,117.38**	**2,697.88**
11	Less: Other Income	21.59	21.59	21.59
12	**Net Aggregate Revenue Requirement**	**1,649.25**	**2,095.79**	**2,676.29**

Commission's Analysis

The ARR provisionally computed by the Commission for the period from FY 2018-19 to FY 2020-21, based on the individual components of the ARR as discussed in the earlier paragraphs, is shown in the Table below:

Table 5-30: ARR provisionally computed by the Commission for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
		DPT	Provisionally Computed	DPT	Provisionally Computed	DPT	Provisionally Computed
1	Power Purchase Expenses	774.25	859.74	1,205.83	1,162.29	1,776.15	1,720.01
2	O&M Expenses	341.34	308.91	360.86	326.58	381.50	345.26
3	Depreciation	233.36	233.36	234.89	234.89	236.42	236.42
4	Interest & Finance Charges	120.56	0.00	106.04	0.00	87.74	0.00

Sr. No.	Particulars	FY 2018-19		FY 2019-20		FY 2020-21	
		DPT	Provisionally Computed	DPT	Provisionally Computed	DPT	Provisionally Computed
5	Interest on Working Capital	3.90	0.00	10.03	0.00	14.27	0.00
6	Interest on Security Deposit	7.44	0.00	8.52	0.00	9.37	0.00
7	**Total Revenue Expenditure**	**1,480.86**	**1,402.01**	**1,926.18**	**1,723.76**	**2,505.46**	**2,301.69**
8	Return on Equity	189.98	189.98	191.20	191.20	192.42	192.42
9	Income Tax	-	-	-	-	-	-
10	**Aggregate Revenue Requirement**	**1,670.84**	**1,591.99**	**2,117.38**	**1,914.96**	**2,697.88**	**2,494.11**
11	Less: Other Income	21.59	21.59	21.59	21.59	21.59	21.59
12	**Net Aggregate Revenue Requirement**	**1,649.25**	**1,570.40**	**2,095.79**	**1,893.37**	**2,676.29**	**2,472.52**

6. Determination of Tariff for FY 2019-20

6.1 Introduction

The Petitioner has proposed revised tariff for FY 2019-20, to bring it at par with the PGVCL tariff for FY 2019-20, and removal of FPPPA and Time of Day (ToD) charges, based on the projected Revenue Gap for FY 2019-20.

6.2. Projected Revenue Gap for FY 2019-20 with Existing Tariff

The Petitioner has projected the revenue for FY 2019-20 as under:

Revenue from FPPPA Charges

The Petitioner has considered the existing Fuel & Power Purchase Price Adjustment (FPPPA) charges as 0.89 paise per unit as approved by the Commission, and projected the revenue from FPPPA charges based on the projected sales for FY 2019-20 as shown in the Table below:

Table 6-1: Revenue from FPPPA Charges for FY 2019-20 as submitted by DPT (Rs. Lakh)

Sl. No.	Particulars	FY 2019-20
1	FPPPA Charges @ 0.89 paise / kWh	204.24

Revenue from Other Income

The Petitioner has projected Other Income at Rs. 21.59 Lakh for FY 2019-20.

Table 6-2: Other income for FY 2019-20 as submitted by DPT (Rs. Lakh)

Sl. No.	Particulars	FY 2019-20
1	Other Income	21.59

Total Revenue for FY 2019-20

The Petitioner has projected the revenue from sale of electricity based on the projected sales for FY 2019-20 and applicable category-wise tariff, as shown in the Table below:

Table 6-3: Total Revenue at existing tariff for FY 2019-20 as submitted by DPT (Rs. Lakh)

Sl. No.	Particulars	FY 2019-20
1	Revenue with Existing Tariff	1736.83
2	Other Income	21.59
3	Revenue from FPPPA Charges	204.24
4	**Total Revenue**	**1962.66**

Total Revenue Gap/(Surplus) at existing Tariff

Based on the above, the Petitioner has projected the Revenue Gap/(Surplus) for FY 2019-20 at existing tariff, as shown in the Table below:

Table 6-4: Revenue Gap/(Surplus) projected by DPT for FY 2019-20 (Rs. Lakh)

Particulars	FY 2019-20
ARR of FY 2019-20	2117.38
Revenue from Sales	1962.66
Revenue Gap/(Surplus)	**154.72**

6.3. Projected Revenue Gap for FY 2019-20 at Tariff at Par with PGVCL

The Petitioner submitted that the operational load is expected to increase with the development of Smart Industrial Port City (SIPC), Kandla and acquisition of new HT consumers in the operational area in the near future. The Petitioner submitted that it desires its tariff to be at par with the tariff approved for PGVCL, in order to be competitive and facilitate higher sales. With this objective, the Petitioner has considered retail tariff as equivalent with PGVCL (sum of retail tariff for FY 2018-19 and average approved FPPPA charges of PGVCL for FY 2018-19) and computed the Revenue Gap for FY 2019-20, as shown in the Tables below:

Table 6-5: Total Revenue with tariff at par with PGVCL Tariff as submitted by DPT for FY 2019-20 (Rs. Lakh)

Sl. No.	Particulars	FY 2019-20
1	Revenue with Tariff equivalent to PGVCL	1955.03
2	Other Income	21.59

Sl. No.	Particulars	FY 2019-20
3	**Total Revenue**	**1976.61**

Table 6-6: Revenue Gap/(Surplus) with tariff at par with PGVCL Tariff as submitted by DPT for FY 2019-20 (Rs. Lakh)

Particulars	FY 2019-20
ARR of FY 2019-20	2117.38
Revenue from Sales	1976.61
Revenue Gap/(Surplus)	**142.78**

The Petitioner submitted that it proposes to undertake various performance and efficiency improvement measures, combined with adequate capital expenditure, to meet the projected Revenue Gap, and any corrections in the same shall be sought at the time of true-up for FY 2019-20.

Commission's Analysis

As regards the revenue from sale of electricity at existing tariffs and revenue from FPPPA for FY 2019-20, the Commission has verified the revenue computed by the Petitioner and accepts the same. However, the Commission has not considered the revenue projected by the Petitioner for FY 2019-20 at tariff equivalent to PGVCL tariff, as the same is hypothetical, as the Petitioner has increased the Energy Charges by adding average FPPPA charges approved for PGVCL for FY 2018-19, which is different than the tariffs approved for PGVCL by the Commission.

As regards the Non-Tariff Income for FY 2019-20, the same has already been considered by the Commission, for computing the ARR, as detailed in the previous Chapter.

As stated in the earlier Chapter, the Commission has provisionally computed the ARR for FY 2019-20, based on the available data. Accordingly, the Commission has calculated the provisional Revenue Gap/(Surplus) for FY 2019-20 based on existing tariffs in the following Table:

Table 6-7: Provisional Revenue Gap/(Surplus) computed by the Commission for FY 2019-20

(Rs. Lakh)

Particulars	DPT Petition	Provisionally computed
ARR of FY 2019-20	2117.38	1893.37
Revenue	1962.66	1941.07*
Revenue Gap/(Surplus)	**154.72**	**(47.70)**

Note: excluding Non-Tariff Income, which has been adjusted against the ARR

In accordance with the GERC (MYT) Regulations, 2011, the Petitioner should have filed the True-up Petitions for FY 2011-12 to FY 2015-16, supported by the Audited Accounts of the licensed Business, after the completion of the respective years. In accordance with the GERC (MYT) Regulations, 2016, the Petitioner should have filed the MYT Petition for FY 2016-17 to FY 2020-21 by November, 2016 and in November 2018, the Petitioner should have filed the Mid-Term Review Petition for FY 2019-20 and FY 2020-21 and sought approval for tariff for FY 2019-20, if so desired. However, due to various reasons, the Petitioner has filed the True-up Petitions for FY 2011-12 to FY 2015-16 and the MYT Petition for FY 2016-17 to FY 2020-21 on June 6, 2019. The Mid-Term Review Petition, in which the tariff for FY 2019-20 was to have been approved, is yet to be filed.

Considering the peculiar circumstances of the Petitioner and the passage of time, as well as the absence of reliable and authentic sales data based on actual metering till end of FY 2019-20, the Commission is of the view that the typical dispensation intended under the GERC (MYT) Regulations, 2016 cannot be made applicable to the Petitioner. the Commission is of the view that it is redundant for the Petitioner to now file the Mid-Term Review Petition, seeking tariff determination for FY 2019-20, which is already over. Since the ongoing FY 2020-21 is also well advanced, and actual metering data is expected to be available from April 2020 onwards, and since the MYT Order is being issued now in September 2020 of FY 2020-21, the Commission is of the view that it would be pointless for the Petitioner to file a Tariff Petition for FY 2020-21 on the same basis of assessed sales, on which the Tariff Order would be issued when the Year is likely to be almost over.

In view of the above, the Commission has decided that the Petitioner shall file neither the Mid-Term Review Petition nor the Tariff Petition for FY 2020-21, after issue of the present Order. The Commission hereby directs the Petitioner to file the MYT Petition for the next Control Period in accordance with the GERC (MYT) Regulations, 2021, which is likely to be notified shortly, after following the due process of prior publication. Along with the MYT Petition for the next Control Period, the Petitioner should also file the Petitions for true-up for FY 2018-19 and FY 2019-20, based on separate Audited Accounts for the licensed Distribution Business.

The Commission has hence, retained the existing tariff, as there is insufficient authentic data for revising the tariffs based on the provisional computations done in this Order. As stated earlier, Truing Up has not been done for the previous years and the Revenue Gap/(Surplus) of previous years is also not being passed through.

7. Compliance of Directives

7.1 Introduction

The Commission had given certain directives to the Petitioner in earlier Orders. The status of compliance by the Petitioner with such earlier directives and new directives are discussed in this Chapter.

7.2 Compliance to earlier Directives

7.2.1 Directive 1: Metering of consumers

In the Tariff Order dated August 18, 2011, the Petitioner was given three months to install meters at all the supply points for port operations, street lights and other consumers within its licence area.

In the Tariff Order in 2016, the Petitioner was given time till September 30, 2016 to complete the metering.

Compliance: The Petitioner in its Petition has submitted that it will complete the entire consumer metering by the end of FY 2019-20. The Petitioner submitted that the procurement process had been initialised, and that tendering for procurement of meters is being done through a government portal (GEM). Further, the Petitioner stated that it is also going for advanced metering, data collection, and organized billing through advanced software. The software has been already developed and will be used when the metering process is completed.

Commission's Comment: The Commission directs the Petitioner to take up the metering work with the utmost urgency, and directs the Petitioner to submit a status report on consumer metering by 30th October, 2020.

7.2.2 Directive 2: Assessment of Distribution Losses

In the order dated August 18, 2011, the Petitioner was directed to provide meters to all consumers and provide meters on 11 kV feeders, distribution transformers and conduct energy accounting to arrive at the actual Distribution Losses in the system and take appropriate actions to reduce the Distribution Losses.

Compliance: The Petitioner submitted that it is in the process of providing 100% metering, which is expected to be completed by the end of FY 2019-20. After installation of meters, the

Petitioner shall conduct the loss assessment study and proposes measures for Loss reduction on the basis of the study.

Commission's Comment: The Commission directs the Petitioner to take up the metering work with the utmost urgency, and directs the Petitioner to submit monthly reports from October 2020 regarding the Distribution Losses.

7.2.3 Directive 3: Separation of Accounts of Distribution Business

The Commission directed that data on all expenses for ARR is to be segregated from the combined expenses of Ports and Distribution Business.

The Petitioner was directed to maintain an Asset Register and separate Accounts, duly certified by the Statutory Auditors, for the distribution business from FY 2011-12 onwards and develop Balance Sheet and Profit & Loss account, etc., for the Distribution Business and submit data relating to expenses from the separate accounts, in the ARR and Tariff Petition.

In the Tariff Order in 2016, the Commission directed the Petitioner to submit the audited accounts for distribution business by August 2016.

Compliance: The Petitioner has submitted the separated Audited Accounts for the Distribution Business for FY 2011-12 to FY 2017-18.

Commission's Comment: The Commission has taken note of the submission.

7.2.4 Directive 4: Business Plan

In the Tariff Order dated August 18, 2011, the Petitioner was directed to submit the Business Plan. The directive was repeated in the Tariff Order in 2016. The Petitioner is directed to submit the Business Plan.

Compliance: The Petitioner has submitted the MYT Petition for FY 2016-17 to FY 2020-21. The petitioner stated that the MYT Petition encompasses all the workings related to the Control Period, including projection of sales, number of consumers, connected load, various expense heads such as power purchase expenses, operation and maintenance expense, interest and finance charges and various revenue components such as revenue from sale of power and other income.

Commission's Comment: The Commission has taken note of the submission.

7.2.5 Directive 5: Meter reading and billing

The Commission directed the Petitioner to organise meter reading, preferably using hand held machine and develop an appropriate organisation for meter reading, billing and revenue realisation, and develop the required software accordingly.

In the Tariff Order in 2016, the Commission reiterated its direction to submit the firm schedule for implementation of the programme.

Compliance: The Petitioner submitted that it has initiated the process of 100% metering, and the software has also been developed, and once the metering is done it will be implemented.

Commission's Comment: The Commission takes note of the submission and directs the Petitioner to adhere to the timelines.

7.2.6 Directive 6: Capacity Building

The Petitioner was directed to train its staff in meter reading, billing and revenue realisation and other distribution activities. The Petitioner was also directed to develop an organization to manage the distribution system and control any energy pilferage.

In the Tariff Order in 2016, the Commission again directed the Petitioner to submit a roadmap for implementation of this directive by August 2016.

Compliance: DPT has appointed a consultant for support to its staff on various areas related to electricity distribution business including power purchase optimization, scheduling, regulatory support, commercial functions, etc.

Commission's Comment: The Commission takes note of the submission provided by the Petitioner.

7.3 New Directives

7.3.1 Directive 1: Long-Term/Medium-Term PPA to optimize Power Procurement Cost as per the Guidelines for Procurement of Power by Distribution Licensees (Notification No. 2 of 2013)

The Petitioner is required to enter into long-term/medium-term PPA to optimize the power procurement cost as per the Guidelines for Procurement of Power by Distribution Licensees (Notification No. 2 of 2013) issued by the Commission.

The Petitioner should explore the possibility of tying up long-term/medium-term power procurement sources through competitive bidding, for the major part of its projected demand. The Petitioner is directed to submit such power procurement plan along with its next Petition.

8 Fuel and Power Purchase Price Adjustment

8.1 Fuel and Power Purchase Price Adjustment

The Commission, last issued the Tariff Order for the Petitioner vide its Tariff Order dated June 22, 2016 in Case No. 1562 of 2016. In this Tariff Order, the Commission approved the below formula for FPPPA charges for the Petitioner (erstwhile Kandla Port Trust):

Formula

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

Where,

(i) 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.

(ii) 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.

(iii) Loss in % = is the weighted average of the approved level of Transmission and Distribution losses (%) for Petitioner applicable for a particular quarter or actual weighted average in Transmission and Distribution losses (%) for Petitioner of the previous year for which true up have been done by the Commission, whichever is lower.

Base FPPPA approved for the Petitioner

In the above-said Tariff Order dated June 22, 2016, the Commission approved the Base Power Purchase cost for the Petitioner as Rs. 5.52 per kWh and the Base FPPPA Charge as Rs.

0.89 per kWh. The Petitioner was allowed to claim the difference between the actual power purchase cost and approved base power purchase cost as per the approved FPPPA formula.

Petitioner Submission

The Petitioner has submitted that one of the major drivers for investment decision by the industrial consumers is electricity tariffs, which should be competitive and uniform. Since FPPPA charges are updated for every quarter in a year, this creates uncertainty for the industrial consumers.

The Petitioner submitted that it has also commissioned the wind power project with a capacity of 6.0 MW and started consuming power from the same from FY 2017-18 onwards. This has resulted in reduction in power purchase cost and reliance on power procurement from other fuels. Certainty in energy tariffs shall be beneficial for industrial consumers.

Considering the above, the Petitioner has proposed to remove FPPPA charges to provide uniform tariff to its consumers.

Commission's Analysis:

As stated earlier, the Commission has not revised the existing tariffs. Hence, the Commission has not accepted the Petitioner's request to remove the FPPPA.

The Petitioner shall continue to levy FPPPA on the consumers in accordance with the FPPPA Formula detailed above. The significant quantum of purchase from the Wind Power Plant would reduce the average power purchase cost of the Petitioner and the benefit should be passed on to the consumers through Adjustments in FPPPA.

However, in case the Petitioner decides to not levy FPPPA due to competitive pressures, then the corresponding revenue loss shall be borne by the Petitioner, and shall not be passed on to the consumers at a later date.

The Information regarding FPPPA recovery and the FPPPA charged shall be kept on the website of the Petitioner.

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.

9 Wheeling Charges and Cross Subsidy Surcharge

9.1 Wheeling Charges

Petitioner's Submission

The Petitioner has not submitted any computation for Wheeling Charges.

Commission's Analysis

Regulation 87 of the GERC (MYT) Regulations, 2016 specifies that the ARR is to be segregated as per the Allocation Matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business, for determination of Wheeling Charges.

In the last Tariff Order for the Petitioner dated June 22, 2016, the Commission ruled as under:

> *"It is observed from the above Table that the wheeling charges for KPT distribution network are very high, when compared with the wheeling charges of other distribution licensees in the State. Further, the first truing up exercise for KPT on the basis of segregated accounts for regulated business of distribution of electricity may be undertaken during the next tariff exercise. In view of these, in order to promote competition, the Commission decided to adopt the wheeling charges applicable to PGVCL area, as per the Tariff Order of PGVCL dated 31st March 2016, for distribution license area of KPT. The wheeling charges are given in the Table below:*
>
> ***Table 5.4: Wheeling Charges approved by the Commission for KPT for FY 2016-17***

Sl. No.	*Particulars*	*Units*	*Amount*
1	*Wheeling Charges at 11 kV*	*Ps./kWh*	*14*
2	*Wheeling Charges at 400 V (LT)*	*Ps./kWh*	*51*

> *However, the wheeling loss applicable to KPT licensed area will be 8 %, which is the distribution loss approved for FY 2016-17 in the MYT Order dated 18th August, 2011."*

As can be seen from the above extract of the last Tariff Order for the Petitioner, the Commission had not approved the Wheeling Charges based on the ARR of the Wires Business, in the absence of separate Audited Accounts for the licensed Distribution Business.

The Commission had adopted the Wheeling Charges of PGVCL for the Petitioner's licence area.

As discussed in earlier Chapters, though the separate Audited Accounts for the licensed Distribution Business have been submitted by the Petitioner, the Commission has been unable to true up the past year's values due to absence of authentic metered sales data and invariably laxity in filing the Petition. As a result, the Commission has only provisionally computed the ARR for FY 2018-19 to FY 2020-21, and has not approved these values. In the absence of approved ARR for the Distribution Business, the ARR of the Wires Business cannot be allocated, and the Wheeling Charges cannot be computed based on the Wires ARR. Further, FY 2019-20 is already over, and approving Wheeling Charges for FY 2019-20 is redundant.

Hence, the approach adopted in the previous Tariff Order has been continued, and the Wheeling Charges applicable to PGVCL area for FY 2020-21, as approved in the Tariff Order of PGVCL dated 31st March 2020, have been made applicable for the Petitioner's licence area as well. The Wheeling Charges for FY 2020-21 are given in the Table below:

Table 9-1: Wheeling Charges approved by the Commission for DPT for FY 2020-21

Sl. No.	Particulars	Units	Amount
1	Wheeling Charges at 11 kV	Ps./kWh	15.02
2	Wheeling Charges at 400 V (LT)	Ps./kWh	65.31

However, the Wheeling Loss applicable to the Petitioner's licenced area will be 5%, which is the Distribution Loss provisionally considered for FY 2020-21 in the present MYT Order.

9.2 Cross-Subsidy Surcharge

Petitioner's Submission

The Petitioner has not submitted any computation for Cross-Subsidy Surcharge.

Commission's Analysis

The Commission has decided to continue the Cross-Subsidy Surcharge for the Petitioner's licence area for FY 2020-21, as determined for PGVCL in the Tariff Order dated 31st March, 2020, at Rs. 1.41/kWh.

10 Tariff Philosophy and Tariff Proposal

10.1 Introduction

This Chapter discusses the tariff proposal and changes suggested in the tariff structure for FY 2019-20 by the Petitioner and the Commission’s final decision on the same.

10.2 Tariff Proposal

Petitioner’s Submission:

The Petitioner has submitted that the projected Revenue Gap for FY 2019-20 with existing tariff and FPPPA charges would be Rs. 154.72 Lakh. As discussed earlier, the Petitioner has proposed to not levy FPPPA Charges, in order to stay competitive. The Petitioner has proposed to increase the Fixed Charges and Energy Charges to make the tariff at par with the tariff approved for PGVCL for FY 2019-20.

The Petitioner has proposed to introduce BPL category in the Tariff structure, as there are some BPL consumers in the Petitioner’s licence area to whom the Petitioner proposes to supply electricity.

The Petitioner has proposed to remove the Time of Day (ToD) charges and concession provided during night hours.

The Petitioner has also proposed to offer rebate to some consumer categories in order to maximise its revenue, in accordance with Regulation 94.4 of the GERC (MYT) Regulations, 2016. The relevant extract is given below:

> *“The Distribution Licensee shall be allowed to offer a rebate to the consumers on tariff and charges determined by the Commission:*
>
> *Provided that the Distribution licensee shall submit details of such rebates to the Commission every quarter, in the manner and format, as stipulated by the Commission from time to time:*
>
> *Provided further that the impact of such rebates given by the Distribution licensee shall be borne entirely by the Distribution Licensee and impact of such rebate will not be allowed to be passed through to the consumers, in any form:*

Provided also that such rebates shall not be offered selectively to any consumer/s, and shall have to be offered to the entire consumer category/sub-category/consumption slab in a non-discriminatory manner."

The Petitioner submitted that in accordance with the above Regulation, it does not propose to pass on the impact of such rebates to the consumers in any form.

Commission's Analysis

As stated earlier, the Commission has not revised the existing tariffs. The tariff approved in the Tariff Order dated June 22, 2016 in Case No. 1562 of 2016 shall continue to be in force, till such time the tariff is revised by the Commission. However, the Commission decides to introduce the tariffs for BPL category residential consumers in the Petitioner's licence area at par with the approved tariffs thereof for such consumers of PGVCL for FY 2020-21.

COMMISSION'S ORDER

The Commission has provisionally computed the Aggregate Revenue Requirement (ARR) for the Petitioner for the period from FY 2018-19 to FY 2020-21, as shown in the Table below:

Table: Provisionally Computed ARR for DPT for FY 2018-19 to FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2018-19	FY 2019-20	FY 2020-21
1	Power Purchase Expenses	859.74	1,162.29	1,720.01
2	Operation & Maintenance Expenses	308.91	326.58	345.26
3	Depreciation	233.36	234.89	236.42
4	Interest & Finance Charges	0.00	0.00	0.00
5	Interest on Working Capital	0.00	0.00	0.00
6	Interest on Security Deposit	0.00	0.00	0.00
7	**Total Revenue Expenditure**	**1,402.01**	**1,723.76**	**2,301.69**
8	Return on Equity	189.98	191.20	192.42
9	Income Tax	-	-	-
10	**Aggregate Revenue Requirement**	**1,591.99**	**1,914.96**	**2,494.11**
11	Less: Other Income	21.59	21.59	21.59
12	**Net Aggregate Revenue Requirement**	**1,570.40**	**1,893.37**	**2,472.52**

Sd/-

P. J. THAKKAR
Member

Sd/-

ANAND KUMAR
Chairman

Place: Gandhinagar
Date: 29/09/2020

Annexure: Tariff Schedule

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

Effective from 1st October, 2020

GENERAL CONDITIONS

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

11. Contract Demand shall mean the maximum kW / kVA for the supply of which the Licensee undertakes to provide to the consumer from time to time.
12. Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the Formula approved by the Gujarat Electricity Regulatory Commission from time to time.
13. Payment of penal charges for usage in excess of contract demand / connected load for any billing period does not entitle the consumer to draw in excess of contract demand / connected load as a matter of right.
14. 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 the Licensee shall be entitled to take any other action deemed necessary and authorized under the Act.
15. Delayed Payment Charges for all consumers:
    - No Delayed Payment Charges shall be levied if the bill is paid within ten days from the date of billing (excluding the date of billing).
    - Delayed Payment Charges will be levied at the rate of 15% per annum for the period commencing from the due date till the date of payment if the bill is paid after due date.
    - For Government dues, the Delayed Payment Charges will be levied at the rate provided under the relevant Electricity Duty Act.

PART- I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY

AT LOW AND MEDIUM VOLTAGE

1. RATE: RGP

This tariff is applicable for supply of electricity to residential premises and pumping stations run by local authorities.

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

1.1. FIXED CHARGE PER MONTH

Range of Connected Load: (Other than BPL consumers)

(a)	Up to and including 2 kW	Rs. 10/- per month
(b)	Above 2 and up to 4 kW	Rs. 20/- per month
(c)	Above 4 and up to 6 kW	Rs. 30/- per month
(d)	Above 6 kW	Rs. 45/-per month

For BPL household consumers:

Fixed Charges	Rs. 5/- per month

PLUS

1.2. ENERGY CHARGE: FOR THE TOTAL MONTHLY CONSUMPTION:

(For Other than BPL consumers)

(a)	First 50 units	390 Paise per Unit
(b)	Next 50 Units	440 Paise per Unit
(c)	Next 150 Units	515 Paise per Unit
(d)	Above 250 Units	615 Paise per Unit

1.3. ENERGY CHARGE: FOR THE TOTAL MONTHLY CONSUMPTION:

FOR THE CONSUMERS BELOW POVERTY LINE (BPL)**

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

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

1.4. MINIMUM BILL

Payment of fixed charges as specified in 1.1 above.

2. RATE: NON-RGP

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

2.1. FIXED CHARGES PER MONTH

(a)	Up to & including 10 kW	Rs. 50/- per kW/month
(b)	Above 10 kW and up to 40 kW	Rs. 75/- per kW/month

PLUS

2.2. ENERGY CHARGES: FOR THE TOTAL MONTHLY SONSUMPTION

(a)	Up to & Including 10 kW	515 Paise per Unit
(b)	Above 10 and up to 40 kW	550 Paise per Unit

2.3. MINIMUM BILL (excluding meter charges)

Payment of fixed charges as specified in 2.1 above.

3. RATE: LTMD

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

This tariff shall also be applicable to consumers belonging to the category- 'Rate: Non-RGP', i.e., those who opt for being charged in place of 'Rate: Non-RGP' tariff.

3.1. FIXED CHARGE:

(a)	For billing demand up to Contract Demand	
	(i) For first 40 kW of billing demand	Rs. 85/-per kW per month
	(ii) Next 20 kW of billing demand	Rs. 130/-per kW per month
	(iii) Above 60 kW of billing demand	Rs. 200/- per kW per month
(b)	For billing demand in excess of the Contract Demand	Rs. 250/- per kW per month

PLUS

3.2. ENERGY CHARGE:

For the entire consumption during the month	555 Paise per Unit

3.3. BILLING DEMAND

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

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

3.4. MINIMUM BILL

Fixed/Demand Charges every month based on the billing demand.

4. <u>RATE- SL (Street Lights)</u>

4.1 Tariff for Street Light for Local Authority and Industrial Estates:

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

4.2 ENERGY CHARGES:

For all the units consumed during the month	480 Paise per Unit

4.3 Minimum Charges:

The minimum energy charges for a consumer with more than 50 street lights within a village or an industrial estate, as the case may be, shall be equivalent to 2200 units per annum per kilo watt hour of the connected load during the year.

4.4 Renewal and Replacements of Lamps:

The consumer shall arrange for renewal, maintenance and replacement of lamps, associated Fixture, connecting wire, disconnecting device, switch including time switch, etc., at his cost by the person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956 / Rules issued by CEA under the Electricity Act, 2003.

5. RATE- TMP (Temporary)

This tariff is applicable to services of electricity supply for temporary period at low voltages.

5.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 15 per kW per Day

5.2 ENERGY CHARGE

For all units consumed during the month:	595 Paise per Unit

5.3 MINIMUM CHARGES

Fixed Charges would be as given in Para 5.1 above.

PART - II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION

(3.3 KV AND ABOVE, 3-PHASE 50 HERTZ), AND EXTRA HIGH TENSION

The following tariffs are available for supply at high tension for large power services for contract demand not less than 100 kVA

6. RATE- HTP-1

This tariff will be applicable for supply of electricity to HT consumers contracted for 100 kVA and above.

6.1 DEMAND CHARGES:

6.1.1 For billing demand up to contract demand

(a)	For the first 500 kVA of billing demand	Rs. 125/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 250/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 335/- per kVA per month

6.1.2 For billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 425 per kVA per month

PLUS

6.1.3 ENERGY CHARGES

For entire consumption during the month		
(a)	Up to 500 kVA of billing demand	555 Paise per unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	580 Paise per Unit
(c)	For billing demand above 2500 kVA	595 Paise per Unit

PLUS

6.1.4 TIME OF USE CHARGES

For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	50 Paise per unit
(b)	For billing demand above 500 kVA	90 Paise per Unit

6.2 Billing Demand:

The billing demand shall be the highest of the following:

a) Actual maximum demand established during the month
b) Eighty-five percent of the Contract Demand
c) One hundred kVA

6.3 MINIMUM BILLS:

Payment of “demand charges” based on kVA of billing demand.

6.4 POWER FACTOR ADJUSTMENT CHARGES:

6.4.1 Penalty for poor Power Factor:

a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 6.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 6.2 of this schedule, will be charged.

6.4.2 Power Factor Rebate

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 6.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

6.5 MAXIMUM DEMAND AND ITS MEASUREMENT:

The maximum demand in kW or kVA, as the case may be, shall mean an average kW/kVA supplied during consecutive 15 minutes period of maximum use.

6.6 CONTRACT DEMAND:

The Contract Demand shall mean the maximum kW/kVA for the supply, of which the supplier undertakes to provide facilities from time to time.

6.7 REBATE FOR SUPPLY AT EHV:

On Energy charges:		**Rebate @**
(a)	If supply is availed at 33/66 kV	0.5%
(b)	If supply is availed at 132 kV and above	1.0%

6.8 Concession for Use of Electricity during Night Hours:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning shall be eligible for concession at the rate of 90 Paise per unit.