GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2021-22

and Determination of Tariff for FY 2023-24

For

GIFT Power Company Limited
(GIFT PCL)

Case No. 2170/2022

31st March, 2023

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सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
Control Period	The period from FY 2016-17 to FY 2021-22
DISCOM	Distribution Company
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Assets
GIFT PCL	GIFT Power Company Ltd.
HT	High Tension
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension
LTMD	Low Tension Maximum Demand
MCLR	Marginal Cost of Funds based Lending Rate
MUs	Million Units (Million kWh)
MVA	Megavolt Ampere
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
RoE	Return on Equity
R&M	Repairs and Maintenance
SBBR	State Bank Base Rate
SBI	State Bank of India
SLC	Service Line Contribution
SLDC	State Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 2170/2022

Date of the Order: 31/03/2023

CORAM

Anil Mukim, Chairman
Mehul M. Gandhi, Member
S. R. Pandey, Member

ORDER

1. Introduction

1.1 Background

GIFT Power Company Ltd. (hereinafter referred to as ‘GIFT PCL’ or the ‘Petitioner’) has filed the present Petition on 22nd December, 2022 under Section 62 of the Electricity Act, 2003, read in conjunction with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (herein after referred to as the “GERC (MYT) Regulations, 2016”) for the Truing up for FY 2021-22 and Aggregate Revenue Requirement (ARR) & Determination of tariff for FY 2023-24.

Gujarat Electricity Regulatory Commission notified the GERC (MYT) Regulations, 2016 on 29th March, 2016 which were applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of detailed application comprising of Truing up and ARR for control period i.e. 29th March, 2016 till 31st March 2021 and revenue Gap or revenue Surplus thereof for the ensuing year for the determination of tariff to be carried out under the GERC (MYT) Regulations, 2016 and amendment thereof from time to time.

The True up year and the ensuing year in the present case is FY 2021-22 and FY 2023-24 respectively, however, the GERC (MYT) Regulations, 2016 which has been notified on 29th March, 2016 were in force till 31st March 2021. While the Commission had initiated the process of framing the MYT Regulations for new Control Period of FY 2021-22 to FY 2025-26 by issuing public notice dated 10th August, 2021, the process was delayed due to circumstances and reasons beyond the control of the Commission. Considering the delay, the Commission vide its Suo-Motu Order No. 07 of 2020 dated 23rd December, 2020 deferred the 5-year control period for new MYT Regulations for one year. Due to ongoing pandemic, the process was further delayed due to circumstances and reasons beyond the control of the Commission. The Commission vide its Order in Suo-Motu Petition No. 1995 of 2021 dated 24th September, 2021 deferred the next MYT Control period by one more year. Thereafter, the Commission vide Order in Suo-Motu Petition No. 2140 of 2022 dated 20th October, 2022 directed all the concerned utilities to file the tariff application for approval of true-up for FY 2021-22, Approval of Aggregate Revenue Requirement (ARR) and Determination of Tariff for FY 2023-24 based on principles and methodology as provided in the GERC (Multi-Year Tariff) Regulations, 2016 on or before 15th December, 2022. GIFT Power

Company Ltd. has filed the present Petition on 22nd December, 2022. GIFT has filed Petition for the Truing up for FY 2021-22 and ARR & Determination of tariff for FY 2023-24 in line with the provisions of Act and Regulations issued by the Commission along with the other guidelines and directions issued by the Commission from time to time.

After technical validation of the petition, it was registered on 28th December, 2022 and as provided under Regulation 29.1 of GERC MYT Regulations, 2016, the Commission has proceeded with this tariff order.

1.2 About Gujarat International Finance Tec-City Power Company Ltd. (GIFT PCL)

GIFT Power Company Ltd. (hereinafter referred to as 'GIFT PCL' or the 'Petitioner'), a 100% subsidiary company of Gujarat International Finance Tec-City Company Limited, is a distribution licensee for the supply of electricity in the GIFT City area of around 886 acres of land which includes both Special Economic Zone (SEZ) area comprising of 261 acres and Domestic Tariff Area (DTA) comprising of 625 acres.

The Commission granted the second license for distribution of electricity in the said area of the existing licensee viz. Uttar Gujarat Vij Company Limited (UGVCL) vide Order dated 6th March, 2013 in Licence Application No. 1 of 2012 to the Petitioner.

1.3 Multi-Year Tariff Regulations, 2016

The Commission notified the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 on 29th March, 2016 applicable for a five-year Control Period starting from FY 2016-17 to FY 2021-22. The Commission subsequently notified the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) (First Amendment) Regulations, 2016 on 2nd December, 2016. These Regulations are applicable to all the distribution licensees in the State of Gujarat.

1.4 Commission's Order for Truing up for FY 2020-21 and Determination of ARR & Tariff for FY 2022-23

The Petitioner filed its Petition for Truing up for FY 2020-21 and Determination of ARR & Tariff for FY 2022-23 on 1st December, 2021. After technical validation, the Petition was registered on 4th December, 2021 under Case No. 2037 of 2021. The Commission vide Order dated 31st March, 2022 approved the Truing up for FY 2020-21 and

Determination of ARR & Tariff for FY 2022-23.

1.5 Filing and Registration of the Present Petition

The Petitioner submitted the current Petition for Truing up for FY 2021-22 and determination of ARR & Tariff for FY 2023-24 on 22nd December, 2022. After technical validation of the petition, it was registered on 28th December, 2022 (Case No. 2170/2022) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

1.6 Notice for Public Hearing

In accordance with Section 64 of the Electricity Act, 2003, GIFT PCL was directed to publish its tariff application in the newspapers to ensure public participation. Accordingly, Public Notices were published by the Petitioner for inviting objections/ suggestions from stakeholders on the Tariff Petition in the following newspapers:

Table 1-1: List of newspapers (Petitioner)

Sr. No.	Name of the Newspaper	Language	Date of publication
1	The Times of India (Ahmedabad Edition)	English	03/01/2023
2	Gujarat Samachar (Ahmedabad Edition)	Gujarati	03/01/2023

The Petitioner also placed the public notice and the petition on its website (www.giftgujarat.com) for inviting objections and suggestions on the petition. The interested parties/stakeholders were asked to file their objections / suggestions on the petition on or before 3rd February, 2023.

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

1.7 Public Hearing

The Commission as well as the Petitioner have not received any objections / suggestions from the Stake holders against the Tariff Petition in Case No. 2170/2022 before due date. Accordingly, the Commission has not conducted any public hearing for M/s GIFT PCL.

1.8 Approach of this Order

GIFT PCL has submitted the current Petition for Truing up of FY 2021-22 and Determination of ARR & Tariff for FY 2023-24. GIFT PCL has also submitted the final audited accounts for FY 2021-22 and has requested to adopt the UGVCL's tariff for retail supply in its GIFT City area due to a small consumer base and underdevelopment of network infrastructure.

The Commission has undertaken Truing up for FY 2021-22, based on the submissions of the Petitioner. The Commission has undertaken the computation of Gains and Losses for FY 2021-22, based on the audited annual accounts.

While Truing up for FY 2021-22, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.
- The Truing up for FY 2021-22 has been considered, based on the GERC (MYT) Regulations, 2016.
- Determination of Tariff for FY 2023-24 have been considered as per the GERC (Multi-Year Tariff) Regulations, 2016.

The Commission has taken into consideration the Auditor's certificate and data of actuals submitted by the Petitioner and the clarifications / additional information sought and received from the Petitioner, for finalizing the Order for FY 2023-24.

1.9 Contents of this Order

This Order consists of the following chapters:

- The **First Chapter** provides a brief background of the Petitioner, the Petition and details of the public hearing process and the approach adopted for this Order.
- The **Second Chapter** outlines the Summary of GIFT PCL's Petition.
- The **Third Chapter** deals with the Truing-up for FY 2021-22.
- The **Fourth Chapter** deals with the Determination of ARR for FY 2023-24.

- The **Fifth Chapter** deals with the Determination of Tariff for FY 2023-24.
- The **Sixth Chapter** deals with the Additional submission by the Petitioner
- The **Seventh Chapter** deals with the Directives of the Commission.
- The **Eighth Chapter** deals with Fuel and Power Purchase Price Adjustments.
- The **Ninth Chapter** deals with determination of the Wheeling Charges and Cross-Subsidy Surcharge.
- The **Tenth Chapter** deals with the Tariff philosophy and Tariff proposal.
- The **Eleventh Chapter** deals with the Tariff Schedule.

2. Summary of GIFT PCL's Petition

2.1 Introduction

This Chapter deals with the summary of the Petition as submitted by GIFT PCL for Truing up for FY 2021-22 and determination of ARR and Tariff for FY 2023-24.

2.2 True-Up of FY 2021-22

A summary of the proposed ARR for Truing-up of FY 2021-22 compared with the approved final ARR for FY 2021-22 in Tariff Order dated 1st April, 2021 in Case No. 1942 of 2021 as submitted by GIFT PCL is presented in the Table below along with the item-wise computations for Gains/ Losses:

Table 2-1: True-up ARR proposed by GIFT PCL for FY 2021-22

(Rs. Crore)

Particulars	Proposed	Approved	Actual	Difference	Gains/ (Losses) due to Controllable factors	Gains/ (Losses) due to Un-Controllable factors
Power Purchase Expenses	13.35	11.95	12.33	(0.38)	-	(0.38)
Operation & Maintenance Expenses	3.99	0.82	4.83	(4.01)	-	(4.01)
Depreciation	5.87	1.78	5.70	(4.63)	-	(3.92)
Interest & Finance Charges	4.10	0.85	3.47	(2.64)	-	(2.62)
Return on Equity	5.11	1.24	4.70	(3.46)	-	(3.46)
Interest on Working Capital	-	-	-	-	-	-
Interest on Security Deposits	0.37	0.31	0.26	0.05	-	0.05
Income Tax	-	-	-	-	-	-
Contingency Reserve	0.83	0.14	-	0.14	-	0.14
Less: Non-Tariff Income	0.53	0.53	0.98	(0.45)	-	(0.45)
Less: Income from Other Business	N. A.	N..A.	-	-	-	-
Total Aggregate Revenue Requirement	**33.09**	**15.85**	**30.32**	**(14.47)**	-	**(14.47)**

2.3 Revenue Gap/(Surplus) for FY 2021-22

The Table below summarizes the proposed ARR claimed by GIFT PCL for Truing up of FY 2021-22.

Table 2-2: Trued-up ARR as claimed for FY 2021-22

(Rs. Crore)

Particulars	Legend	Actual Claimed
ARR as per MYT order	**A**	**15.85**
Gains/(Losses) due to Uncontrollable Factors	B	(14.47)
Gains/(Losses) due to Controllable Factors	C	-
Pass through as Tariff	D=-(1/3 of c + b)	(14.47)
Trued up ARR	**E=A+D**	**30.32**
Revenue	F	19.69
Gap/(Surplus) for FY 2021-22	**G=E-F**	**10.63**

2.4 ARR, Revenue at Existing Tariff, Revenue Gap and Tariff Proposal for FY 2023-24

GIFT PCL has also sought approval for final Aggregate Revenue Requirement for FY 2023-24. GIFT PCL has proposed the revenue requirement as under:

Table 2-3: ARR for FY 2023-24

(Rs. Crore)

Particulars	2023-24
Power Purchase Expenses	31.79
O&M Expenses	5.39
Depreciation	6.35
Interest and Finance Charges	3.35
Interest on security deposit	0.44
Interest on Working Capital	0.00
Provision for bad debts	0.00
Contingency Reserve	0.63
Income Tax	0.00
Return on Equity @ 14%	5.17
Less: Non-Tariff Income	1.08
Total Aggregate Revenue Requirement	**52.05**

2.5 Revenue Gap / (Surplus) for FY 2023-24

The stand-alone Revenue Gap for FY 2023-24 as proposed by GIFT PCL is as follows:

Table 2-4: Revenue Gap / (Surplus) for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	Claimed
1	ARR for FY 2023-24 [a]	52.05
2	Revenue from Existing Tariff for FY 2023-24 [b]	44.34
3	Revenue Gap / (Surplus) in FY 2023-24 [c=(a-b)]	**7.71**

The Petitioner has requested the Commission to consider the above gap and introduce appropriate regulatory charges for recovering the same.

2.6 GIFT PCL's request to the Commission

1. To condone the delay, if any, occurred in filing of the present Petition;
2. Admit the Petition for True-up for FY 2021-22, Aggregate Revenue Requirement for FY 2023-24 and Tariff Determination for FY 2023-24;
3. Approve the cumulative gap/surplus as requested after True-up of FY 2021-22;
4. Approve the Aggregate Revenue Requirement for FY 2023-24;
5. Approve base FPPPA and base power purchase cost as proposed by the Petitioner;
6. Approve Wheeling ARR and corresponding charges for wheeling of power;
7. Approve Cross Subsidy Surcharges, if any;
8. Approve Tariff Schedule as proposed by the Petitioner;
9. Approve the Solar Generation Business as 'Generation Business of the Petitioner'.
10. Approve the Back-up Power Business as 'Other Business of the Petitioner'.
11. Approve Green Power Tariff as proposed by the Petitioner.
12. Approve introduction of appropriate regulatory charges to recover the losses in ensuing year;
13. Allow additions/ alterations/ changes modifications to the application at a future date;

14. Allow any other relief, order or direction, which the Hon'ble Commission deems fit to be issued;
15. Condone any inadvertent omissions/errors/shortcomings and permit the Petitioner to add/change/modify/alter this filing and make further submissions as may be required at a future date.

3. Truing up for FY 2021-22

3.1 Introduction

This Chapter deals with the Truing up for FY 2021-22 of GIFT PCL.

The Commission has analysed each of the components of the Aggregate Revenue Requirement (ARR) for FY 2021-22 in the following paragraphs:

3.2 Energy Sales

Petitioner's submission

The Petitioner has submitted that the actual energy sales for FY 2021-22 are 26.45 MU, as against the sales of 29.64 MU approved in the Tariff Order dated 1st April, 2021. GIFT PCL has submitted the actual energy sales for FY 2021-22 as shown in the Table below.

Table 3-1: Energy Sales submitted by GIFT PCL for FY 2021-22

(MU)

Particulars	Approved in the Tariff Order	Actual Claimed
RGP	0.17	0.22
Non-RGP	1.20	1.48
LTMD	3.03	3.20
GLP	0.19	0.56
Streetlight (SL)*	0.47	0.00
Temporary	1.01	0.94
HTP-I	23.25	19.92
HTP-III	0.31	0.13
Total	**29.64**	**26.45**

** As per GERC Tariff Order, SL Category has been merged with GLP Category from October-2021.*

GIFT PCL has submitted that the deviation in energy sales is mainly because of the pandemic situation during April to June months of FY 2021-22. Accordingly, energy sales have been severally impacted due to COVID-19 related pandemic. In the licensee area, most of the consumers are commercial customers involved in service sector and during FY 2021-22, most of the commercial establishments were operating on work from home basis. However, Petitioner has achieved energy sales target of more than 89% against the projected energy sales during FY 2021-22.

Commission's view

The Commission has verified the details of sale of energy as submitted in the monthly return under Form A specified in Rule 6 (1) (A) filed by the Petitioner with the office of

Chief Electrical Inspector and Collector of Electricity Duty. Accordingly, the energy sales for FY 2021-22 are approved as shown below:

Table 3-2: Energy Sales approved by the Commission for FY 2021-22

(MU)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Energy Sales	29.64	26.45	26.45

Accordingly, The Commission approves Energy Sales of 26.45 MU for Truing up of FY 2021-22.

3.3 Distribution Losses

Petitioner's submission

The Petitioner has created reliable infrastructure to provide power connectivity to its consumers in SEZ and NoN-SEZ area which is spread over a land parcel of 886 acres. The Petitioner has considered N-1 network redundancy at all levels for higher power reliability and availability to end consumers in the Distribution License Area.

The Petitioner has submitted that in FY 2021-22, the actual Distribution Losses were at 3.01% against Distribution Losses of 3.21% approved by the Commission in the Tariff Order dated 1st April, 2021. The Petitioner has submitted that it has succeeded in bringing down the actual distribution losses from 6.37% in FY 2016-17 to 3.01% in FY 2021-22 as shown in table below:

Table 3-3: Reduction in Distribution Loss achieved over the years

Financial Year	Input Units at GIFTPCL periphery (MU)	Units sold (MU)	Losses (%)
2016-17 (actual)	9.10	8.52	6.37%
2017-18 (actual)	15.45	14.49	5.97%
2018-19 (actual)	18.48	17.45	5.56%
2019-20 (actual)	22.24	21.53	3.21%
2020-21 (actual)	21.21	20.54	3.21%
2021-22	27.27	26.45	3.01%

Considering the decreasing trend, the Petitioner has requested the Commission to approve the actual distribution loss of 3.01% for the FY 2021-22 as shown in the Table below:

Table 3-4: Distribution Losses claimed for FY 2021-22

(%)

Particulars	Approved in the Tariff Order	Actual Claimed
Distribution Losses	3.21%	3.01%

Commission's view

The Commission has noted the submission of the Petitioner regarding the underloading of the distribution assets due to lower consumer demand as compared to the anticipated demand. Considering that the distribution network in the licence area of GIFT PCL is yet to be fully established and the consumer load is also yet to be stabilized, the actual Distribution Losses of GIFT PCL are considered as uncontrollable in line with the submission of GIFT PCL. The actual Distribution Losses of GIFT PCL are considered as uncontrollable in line with the submission of GIFT PCL.

The Energy sales are considered as 26.45 MU as approved by the Commission in the previous section which results in Distribution Losses of 3.01%. **Accordingly, the Commission approves Distribution Losses of 3.01% for Truing up of FY 2021-22 as shown below:**

Table 3-5: Distribution Losses approved for FY 2021-22

(%)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Distribution Losses	3.21%	3.01%	3.01%

3.4 Energy Requirement

Petitioner's submission

GIFT PCL has projected the energy requirement based on actual Energy sales and actual Distribution Losses as shown below:

Table 3-6: Energy Requirement claimed for FY 2021-22

(MU)

Particulars	Approved in the Tariff Order	Actual Claimed
Energy Sales	29.64	26.45
Distribution Losses (%)	3.21%	3.01%
Distribution Losses (MU)	0.98	0.82
Total Energy Requirement	30.62	27.27

Commission's view

The Commission had approved the Distribution Losses at 3.21% for FY 2021-22 in the Tariff Order dated 1st April, 2021. The Commission has computed the Energy Requirement with Distribution Losses at 3.01% and Transmission Losses as Nil approved for FY 2021-22 based on actuals as given in the Table below:

Table 3-7: Energy Requirement approved for FY 2021-22

(MU)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Energy Sales	29.64	26.45	26.45
Distribution Losses (%)	3.21%	3.01%	3.01%
Distribution Losses	0.98	0.82	0.82
Total Energy Requirement	**30.62**	**27.27**	**27.27**

Accordingly, the Commission approves the total Energy Requirement of 27.27 MU for Truing up of FY 2021-22.

3.5 Power Purchase Cost

Petitioner's submission

The actual power purchase for FY 2021-22 is compared with the power purchase approved by the Commission.

As per energy balance, the actual source wise purchase quantum and cost for FY 2021-22 as claimed by the Petitioner was 27.27 MU and Rs. 12.33 Crore respectively, which is shown in the Table below:

Table 3-8: Power Purchase Quantum claimed for FY 2021-22

	Power Purchase Quantum (MUs)		Power Purchase Cost (Rs. Crores)	
Sources	**Approved**	**Actual**	**Approved**	**Actual**
PTC India Ltd / ADANI / PCBL*	16.99	13.98	6.37	5.11
Solar Energy (PX)	4.24	0.1294	1.70	0.1129
Non-Solar Energy (PX)	6.39	0.2518	2.55	0.2125
Power Exchange - IEX	3.00	11.61	1.21	6.12
UI DSM		1.3		0.64
PTC Power Trading Margin			0.11	0.13
Total	**30.62**	**27.27**	**11.95**	**12.33**

** Hon'ble Commission has approved the quantum as power purchase from PTC India Ltd*

The Petitioner has procured most of its electricity requirement through MTOA and IEX during FY 2021-22. The medium term power requirement has been procured from ONGC/ADANI through bilateral PPA. Power Trading Corporation India Ltd (PTC) is assisting GIFT PCL as a Trader for power procurement through Open Access. The Petitioner has submitted the following justifications for the power purchase cost incurred:

- Petitioner has continued with the services of PTC for assisting in power procurement from open market (Generators and Power Exchange).
- Medium term PPA was executed with ADANI/PCBL through PTC for base demand of 1.5 MW / 2 MW RTC basis for a period of 1 year.
- The power requirement for variable demand has been procured from Power Exchanges on day ahead basis.
- Petitioner has purchased 1.5 MW RTC power from Adani Power-Mundra from April'2021 to May'2021 and later on purchased 2.0 MW RTC power from Philips Carbon Black-Mundra from July'2021 to March'2022.
- The Petitioner has tried to optimize the requirement and participated in the Day Ahead Market (DAM) instead of other segments of Indian Energy Exchange (IEX). The Petitioner had purchased power on 15-min time slot basis in DAM and tried to optimise the cost. The average landed cost through exchange was Rs. 5.43/unit (including trading margin) for this transaction during FY 2021-22.
- The variations against schedule are settled under Deviation Settlement Mechanism (DSM), the quantum of deviation settled through DSM is very small (net ~ 1.30 MU). The weekly settlement bill of DSM as raised by SLDC has been paid by the Petitioner. The average UI / DSM cost per unit was accounted at Rs. 4.95/unit during FY 2021-22.

Renewable Purchase Obligation (RPO)

The RPO target fixed for FY 2021-22 was 8.00% for Solar and 9% for Non-Solar. The solar RPO obligation to the tune of 0.47 MU was partially met by electricity generated from solar projects installed by consumers under net-metering arrangement (0.33 MU) and remain from Power Exchange (G-TAM/G-DAM - 0.13 MU) and non-solar RPO obligation was partially met by procuring electricity through G-TAM to the tune of 0.25 MU. The Petitioner has submitted that it will file a separate petition before the Commission regarding compliance of RPO during FY 2021-22, wherein the Petitioner will request to revise the RPO target.

Commission's View

The Commission has analysed the power purchase cost in detail in terms of various sources of power, energy units procured and source-wise cost. GIFT PCL has procured most of the electricity quantum (51.27%) though PTC India Ltd (Adani Power-Mundra/Philips Carbon Black-Mundra) under MTOA, (43.97%) from IEX and remaining (4.76%) from UI pool. It is observed that the Petitioner has also paid an application fee of Rs. 29,500/- for availing MTOA to GETCO.

On query from Commission regarding details of delayed payment surcharge and rebate, the Petitioner has submitted that no delayed payments were made to Generators and also no rebates were availed during FY 2021-22.

For fulfilling its RPO obligations, the Commission has noted that the RPO target fixed for FY 2021-22 was 8.00% for Solar and 9.00% for Non-Solar for which GIFT PCL had to procure 4.50 MU whereas the Petitioner has procured only 0.72 MU. The Petitioner has partially met the solar RPO obligation by procuring electricity generated from solar projects installed by consumers under net-metering arrangement and through Power Exchange (G-TAM/G-DAM). The Petitioner has partially met the non-solar RPO obligation by procuring electricity through Power Exchange (G-TAM/G-DAM). The details of RPO are shown in the Table below:

Table 3-9: RPO met in FY 2021-22

(MU)

RPO for FY 2021-22	Target	Total Electricity Purchased	Electricity requirement as per RPO	Actual RE purchase/ generated	RPO Compliance
Solar RPO	8.00%	26.45	2.12	0.47	0.34 MU from solar projects installed by consumers under net-metering arrangement and 0.13 MU from Power Exchange (G-TAM/G-DAM)
Non-solar RPO	9.00%		2.38	0.25	Power Exchange (G-TAM/G-DAM)
Total		**26.45**	**4.50**	**0.72**	

The Petitioner has further submitted that it will file a separate petition before the Commission regarding compliance of RPO during FY 2021-22. However, the Petitioner is directed to strictly adhere to the RPO trajectory as stipulated by the Commission and meet its RPO Target.

The sources of power purchase and energy units approved in this order are as presented below:

Table 3-10: Power Purchase Quantum approved for FY 2021-22

(MU)

Particulars	Approved in the Tariff Order	Actual Claimed	Allowed
PTC India Ltd / Adani	16.99	13.98	13.98
Solar Energy (PX)	4.24	-	-
Non-Solar Energy (PX)	6.39	-	-
Power Exchange - IEX	3.00	11.99	11.99
UI DSM	-	1.30	1.30
Total	**30.62**	**27.27**	**27.27**

It is observed that the Petitioner has paid Rs. 0.57 Crore towards PTC Consultancy Fees which includes Rs. 0.44 Crore of Fixed charges and Rs. 0.13 Crore of trading Margin. The Commission has considered only the trading margin while allowing the power purchase cost for FY 2021-22. The fixed charges shall be allowed in the A&G Expenses under Legal and Consultancy charges.

The Commission has verified the same from Audited accounts and accordingly approves the power purchase cost as presented in the table below:

Table 3-11: Power Purchase Cost approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Allowed
PTC India Ltd / Adani	6.37	5.18	5.18
Solar Energy (PX)	1.70	-	-
Non-Solar Energy (PX)	2.55	-	-
Power Exchange - IEX	1.21	6.51	6.51
UI DSM	-	0.64	0.64
PTC Charges	0.11		-
Total	**11.95**	**12.33**	**12.33**

Accordingly, the Commission approves total Power Purchase Cost of Rs. 12.33 Crore for Truing up of FY 2021-22.

Considering the approved power purchase cost of Rs. 12.33 Crore for the approved energy procurement of 27.27 MU, the per unit power purchase cost works out to Rs. 4.52 /kWh as against Rs. 3.90 /kWh approved during the MYT Order.

As per the GERC (MYT) Regulations, 2016 variation in the price of fuel and / or price of power purchase are uncontrollable factors. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 3-12: Gains / (Losses) on account of power purchase cost for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Total Power Purchase cost	11.95	12.33	(0.38)	-	(0.38)

3.6 Operation & Maintenance Expenses

Petitioner's submission

The Operations and Maintenance Expenses (O&M Expenses) comprises of Employee Expenses, Administration & General Expenses (A&G Expense) and Repairs & Maintenance Expenses (R&M Expenses). The Petitioner has projected overall O&M cost for FY 2021-22 as Rs. 4.83 Crore, whereas approved amount was Rs. 0.82 Crore, considering 5.72% escalation over normative expenses of FY 2020-21. The actual O&M Expenses furnished by GIFT PCL are given in the Table below:

Table 3-13: Operation and Maintenance Expenses claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed
Employee Expenses		1.75
R&M Expenses		1.85
A&G Expenses		1.23
Operation and Maintenance Expenses	**0.82**	**4.83**

The reasons for the variation in O&M Expenses as submitted by GIFT PCL are listed below:

1. Actual employee cost for FY 2021-22 is Rs. 1.75 crore which is almost similar to the proposed cost of Rs. 1.74 crore for FY 2021-22. So, Petitioner has requested to approve the actual employee expenses for FY 2021-22.

2. The projected Repair & Maintenance cost was Rs. 1.59 crores but the actual cost was Rs. 1.85 crores during FY 2021-22. This marginal increase is mainly due to new contract awarded of outsourced manpower for maintenance service (24X7), AMC of all the equipment, and routine testing of all protection system and equipment. Manpower requirement is for 24x7 substation management (staffs in three shifts), attending complaints of power consumers, routine maintenance of all the assets. This Manpower deployment is being done as per safety requirement and task-based requirement. Optimisation of manpower utilisation is being done by multitasking. The works of outsourced manpower was awarded by national competitive bidding mode and on the basis of L1 selection criterion, the best market price was derived for R&M. The Petitioner has informed that GIFTPCL has achieved the power availability of 99.9966% during FY 2021-22. Hence, the Petitioner has requested to approve the actual R&M expenses incurred in FY 2021-22.

3. Administration and General expenses increased from projected cost of Rs. 0.66 crores to actual cost of Rs. 1.23 crore. These expenses include general administrative expenses of the Petitioner, Consultancy fees, and fees paid to Hon'ble GERC for Tariff petition. As per the directives of the Commission in Tariff Order dated 1st April, 2021, the Petitioner has booked the fixed charges paid to M/s PTC India during FY 2021-22 of Rs. 0.44 Crore under A&G expenses instead of booking in Power Purchase expenses. The details of major A&G costs are given below:
    - PTC Fixed Charges – Rs. 43.31 lakhs
    - Electricity Expenses – Rs. 14.47 lakhs
    - Legal and Consultancy Charges – Rs. ~ 17 lakhs
    - GERC Petition Fees (incl. Tariff Petition Fees) – Rs. 17.12 lakhs
    - Insurance Expenses – Rs. 8.92 lakhs
    - Advertisement (Petitions/Tenders Public Notices) Expenses – Rs. 5.50 lakhs
    - Audit Expenses – Rs. 4.50 lakhs
    - Miscellaneous Expenses – Rs. ~ 12 lakhs

Commission's view

O&M Expenses comprises of Employee Expenses, R&M Expenses and A&G Expenses. The Commission notes that GIFT PCL has adopted practice of outsourcing all the business activities such as power portfolio management, maintenance service (24X7), AMC of all equipment, routine testing of all protection system and equipment, regulatory consultancy services etc. Their employee cost is mainly for supervisory work only.

In the Tariff Order dated 1st April, 2021, the Commission had approved O&M Expenses for FY 2021-22 as per Regulations 86.2 and 94.8 of the GERC (MYT) Regulations, 2016.

The Commission in its Tariff Order dated 9th October, 2020 in Case No. 1851 of 2020 for Truing up for FY 2018-19 and determination of Tariff for FY 2020-21 had adopted a process of benchmarking for approving the O&M Expenses for FY 2018-19 and continued the same practice while truing up tariff for FY 2019-20. The Commission while adopting the benchmarking approach had the considerate view that Employee Expenses, Repairs and Maintenance Expenses and Administrative and General Expenses are linked with the addition of the assets in the due course of time as expenses are incurred to maintain the same and to keep business running under usual conditions.

While truing up the O&M Expenses for FY 2021-22, the Commission has examined each component of O&M Expenses viz Employee Expenses, R&M Expenses and A&G Expenses against O&M Expenses approved in the Tariff Order 1st April, 2021. The Commission is also conscious of the situation posed by the Covid -19 pandemic, which has adversely impacted the load/demand growth and has also increased the O&M Expenses.

The Commission observes that actual Employee Expenses claimed by the Petitioner is almost similar to the proposed cost of Rs. 1.74 crore for FY 2021-22. In case of R&M Expenses, the Petitioner has awarded contract of outsourced manpower for maintenance service (24X7), AMC of all the equipment, and routine testing of all protection system and equipment, where Manpower requirement is for 24X7 substation management (staffs in three shifts), attending complaints of power consumers, routine maintenance of all the assets. The manpower deployment was done as per safety requirement and task-based requirement and optimisation of manpower utilisation done by using multitasking. The Petitioner has further submitted that the works were awarded by competitive bidding mode and on the basis of L1 selection criterion, so best market price was derived for R&M. In case of A&G Expenses, the Commission observed that the major components namely electricity expenses, legal and consultancy charges, application fees and insurance expenses, which are primarily uncontrollable in nature.

The Commission, in order to understand the growth in average and peak demand in the previous financial years, directed the Petitioner to submit the month-wise average and peak demand. In response to the Commission's query the Petitioner submitted the monthly details of average and peak demand for FY 2020-21, FY 2021-22 and FY 2022-23 as follows:

Table 3-14: Monthly and Average Peak Demand for FY 2018-19, FY 2019-20 and FY 2021-22

Particulars	FY 2020-21		FY 2021-22		FY 2022-23	
	Average Demand (in MW)	Peak Demand (in MW)	Average Demand (in MW)	Peak Demand (in MW)	Average Demand (in MW)	Peak Demand (in MW)
April	2.05	4.21	2.83	5.11	4.29	6.64
May	2.33	4.71	2.85	5.06	4.75	6.83
June	2.59	4.76	3.19	5.47	4.92	7.13
July	2.56	4.77	3.41	5.67	4.49	7.01
August	2.45	4.58	3.15	5.49	4.42	6.89
September	2.69	4.82	3.31	5.76	4.73	7.2
October	2.68	4.86	3.34	5.98	4.23	7.09
November	2.35	4.75	2.99	5.49	4.02	6.61
December	2.22	4.75	2.84	5.64	3.71	6.35
January	2.13	4.43	2.61	5.28	3.46	6.22
February	2.28	4.80	2.90	5.40	N.A	N.A
March	2.64	5.17	3.57	6.38	N.A	N.A

From the above submission, it is observed that the peak demand of the Petitioner has gradually increased over the period of time. Considering the facts mentioned above, the Commission while Truing Up for FY 2021-22 has considered actual O&M Expenses incurred and claimed by the Petitioner. The Commission has verified the Employee Expenses, R&M Expenses and A&G Expenses from the Audited Accounts of FY 2021-22 submitted by the Petitioner. The O&M expense allowed for FY 2021-22 is shown below:

Table 3-15: Operation and Maintenance Expenses approved for FY 2021-22

(Rs. Crore)

Particulars	Actual claimed	Approved in Truing up
Employee Expenses	1.75	1.75
R&M Expenses	1.85	1.85
A&G Expenses	1.23	1.23
Operation and Maintenance Expenses	**4.83**	**4.83**

Accordingly, the Commission approves O&M Expenses of Rs. 4.83 Crore for Truing up of FY 2021-22.

In line with the methodology adopted by the Commission in previous Tariff Order dated 31st March, 2022, the Commission has considered variation in O&M Expenses as uncontrollable. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

(Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing up	Deviation	Gains / (Losses) due to Controllable factor	Gains /(Losses) due to Uncontrollable factor
Operation and Maintenance Expenses	0.82	4.83	(4.01)	-	(4.01)

3.7 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

GIFT PCL in its Petition submitted that it has incurred net capital expenditure of Rs. 4.69 Crore for FY 2021-22. GIFT PCL has further stated that it has not capitalized any project in FY 2021-22. Also, no SLC is received from the customers during this period. The following details have been submitted in respect of the capital expenditure incurred during FY 2021-22.

Table 3-16: Capital Expenditure claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the MYT Order	Actual claimed
Opening GFA	28.94	111.96
Opening CWIP	-	28.46
Capital expenditure during the year	-	4.69
Capitalization	14.03	-
Less: SLC Addition	2.26	-
Balance Capitalization during the year	11.77	(0.00)
Closing GFA	40.71	111.96
Closing CWIP	-	33.15
Normative Debt (70%)	**8.24**	-
Normative Equity (30%)	**3.53**	-

Commission's view

Petitioner has submitted that it has incurred capital expenditure of Rs. 4.69 Crore (Rs. 4.88 Core – Rs. 0.18 Crore) during FY 2021-22 which is verified from the Audited accounts for FY 2021-22. Further, the Commission has considered the closing GFA for FY 2020-21 as approved in the Tariff order dated 31st March, 2022 as the opening GFA for FY 2021-22 and added net capitalisation during FY 2021-22 to arrive at the closing GFA for FY 2021-22. However, it is observed that the Petitioner has neither capitalised any project nor received any SLC during FY 2021-22 which is also verified from the Audited accounts for FY 2021-22. Considering the above details, the capitalisation arrived at for FY 2021-22 is shown below:

Table 3-17: Capitalisation details arrived at for FY 2021-22

(Rs. Crore)

Particulars	FY 2021-22
Opening GFA	17.90
Addition to GFA	-
GFA Disallowed	-
Deletion from GFA	-
Closing GFA	17.90
SLC Addition	-
Net Capitalisation	-

The capital expenditure and net capitalisation approved for FY 2021-22 is as follows:

Table 3-18: Capitalization and Funding of Capex approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual claimed	Approved in Truing up
Opening GFA	28.94	111.96	17.90
Opening CWIP	-	28.46	28.46
Capital expenditure during the year	-	4.69	4.69
Capitalization	14.03	-	-
Less: SLC Addition	2.26	-	-
Balance Capitalization during the year	11.77	-	-
Closing GFA	40.71	111.96	17.90
Closing CWIP	-	33.15	33.15
Normative Debt (70%)	8.24	-	-
Normative Equity (30%)	3.53	-	-

Thus, the Commission approves Nil Capitalization for Truing up of FY 2021-22.

3.8 Depreciation

Petitioner's submission

GIFT PCL has submitted the following details related to fixed assets and depreciation for the purpose of Truing up for FY 2021-22.

Table 3-19: Depreciation claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed
Opening GFA	28.94	111.96
Addition (net of SLC)	11.77	-
Closing GFA	40.71	111.96
Average GFA	34.83	111.96
Depreciation	**1.78**	**5.70**

GIFT PCL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the Regulations. The Depreciation rates considered as per the GERC (MYT) Regulations, 2016.

The Petitioner has considered the depreciation based on gross fixed asset at the starting of FY 2021-22 and additional capitalisation during the year. On this basis of average of opening and closing value of asset, the depreciation of the Gross Fixed Assets based on above works out as Rs. 5.70 Crore for FY 2021-22. The Petitioner has requested to consider the variation in Depreciation as uncontrollable as per the MYT Regulations, 2016.

Commission's view

The Closing GFA as approved by the Commission in Tariff Order for Truing up for FY 2020-21and Determination of Tariff for FY 2022-23 dated 31st March, 2022 has been considered as opening GFA for FY 2021-22. As elaborated in the previous chapter, the Commission has approved **Nil** capitalisation for GIFT PCL during FY 2021-22 in Table 3-18. The Depreciation allowed for FY 2021-22 is shown as below:

Table 3-20: Depreciation approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Opening GFA	28.94	111.96	17.90
Addition (net of SLC)	11.77	-	-
Closing GFA	40.71	111.96	17.90

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Average GFA	34.83	111.96	17.90
Depreciation	**1.78**	**5.70**	**0.91**

Accordingly, the Commission approves depreciation of Rs. 0.91 Crore for the purpose of Truing up for FY 2021-22.

Variations in Depreciation is considered as uncontrollable as per the GERC (MYT Regulations, 2016. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 3-21: Gains / (Losses) on account of Depreciation for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Depreciation	1.78	0.91	0.87	-	0.87

3.9 Interest and Finance Charges

Petitioner's submission

The Petitioner has submitted that it has computed the interest on loan as per Regulations 38 of the GERC (MYT) Regulations, 2016. The Petitioner has considered the debt-equity as 70:30 as considered in Tariff Policy and GERC (MYT) Regulations, 2016 excluding Service Line Contribution, received from the consumers. Further, GIFT PCL has submitted that it has calculated the interest expenses on the basis of actual weighted average interest rate charged by the bank for existing loan as per the GERC (MYT) Regulations, 2016. It is further submitted that it has availed a term loan and has paid the interest amount to the bank at weighted average interest rate of 6.68% during FY 2021-22.

GIFT PCL has submitted the following details in respect of interest and finance charges. The Petitioner requests the Commission to treat the variation in Interest and Finance Charges as uncontrollable.

Table 3-22: Interest and Finance Charges claimed for FY 2021-22

(Rs. Crore)

Source of Loan	Approved in Tariff order	Claimed
Opening Balance of Normative Loan	8.95	78.38
Less: Reduction of Loan due to Repayment of Loan (equal to cumulative depreciation up to 31st March 2022)	-	23.52
Addition of Normative Loan due to capitalisation during the year	8.24	-
Repayment of Normative loan during the year	1.78	5.70
Closing Balance of Normative Loan	15.42	49.15
Average Balance of Normative Loan	12.19	52.01
Weighted average Rate of Interest on actual Loans (%)	7.00%	6.68%
Interest Expenses	0.85	3.47
Interest on Security Deposit from Consumers and Distribution system Users	0.31	0.26
Finance Charges	-	-
Total Interest & Finance Charges	**1.16**	**3.73**

Commission's view

The opening balance of loan for FY 2021-22 has been considered to be same as the closing GFA for FY 2020-21 as approved in the Tariff Order for Truing up for FY 2020-21and Determination of Tariff for FY 2022-23 dated 31st March, 2022. The loan addition has been considered in line with the normative loan addition approved in the discussion on capitalization in Table 3-18 of this Order. The repayment has been equated to depreciation approved for the year FY 2021-22 in Table 3-20 of this Order.

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

Accordingly, the Commission has sought information regarding the actual loan portfolio and computation of weighted average rate of interest, which the Petitioner submitted in its response to the data gaps. The Petitioner submitted that the loan is taken by GIFT PCL (Parent company of GIFT PCL) on as and when required basis for all the assets. The Commission has verified the Rate of Interest of 6.68% as claimed by the Petitioner for the actual loan portfolio submitted for FY 2021-22 and has considered the same for calculation of the interest on loan.

Based on the foregoing analysis, the Commission approves the Interest & Finance Charges as shown in the Table below:

Table 3-23: Interest and Finance Charges approved for FY 2021-22

(Rs. Crore)

Sr. No.	Source of Loan	Approved in Tariff order	Claimed	Approved
1	Opening Balance of Normative Loan	8.95	78.38	5.32
2	Less: Reduction of Loan due to Repayment of Loan (equal to cumulative depreciation up to 31st March 2022)	-	23.52	-
3	Addition of Normative Loan due to capitalisation during the year	8.24	-	(0.00)
4	Repayment of Normative loan during the year	1.78	5.70	0.91
5	Closing Balance of Normative Loan	15.42	49.15	4.41
6	Average Balance of Normative Loan	12.19	52.01	4.86
7	Weighted average Rate of Interest on actual Loans (%)	7.00%	6.68%	6.68%
8	**Interest Expenses**	**0.85**	**3.47**	**0.32**
9	Interest on Security Deposit from Consumers and Distribution system Users	0.31	0.26	0.26
10	Finance Charges	-	-	-
11	**Total Interest & Finance Charges**	**1.16**	**3.73**	**0.58**

Accordingly, the Commission approves Interest and Finance Charges at Rs. 0.58 Crore for Truing up of FY 2021-22.

Variations in Interest Expenses is considered as uncontrollable as per the GERC (MYT Regulations, 2016. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 3-24: Gains / (Losses) on account of Interest and Finance Charges for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest and Finance Charges	0.85	0.32	0.53	-	0.53

3.10 Interest on Security Deposit

Petitioner's submission

GIFT PCL has submitted that the consumer whose amount of security exceeds Rs. 25 Lakhs furnish security deposit in the form of irrevocable bank guarantee initially valid for a period of 2 years as per GERC (Security Deposit) (Second Amendment)

Regulation 2015. The amount of interest on security deposit was paid to the consumers at bank rate applicable on 1st April, 2021 as per the Table below:

Table 3-25: Interest on Security Deposit claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed
Security Deposit	6.61	7.35
Interest on Security Deposit	0.31	0.26

Commission's view

The Commission has verified from the audited accounts and found the Security Deposit to be Rs. 0.26 Crore. The Commission approves the same as per the following Table:

Table 3-26: Interest on Security Deposit approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Actual Claimed	Approved in Truing up
Average Deposit	6.61	6.41	6.88
Interest on Security Deposit	0.31	0.26	0.26

Accordingly, the Commission approves Interest on Security Deposit at Rs. 0.26 Crore for Truing up of FY 2021-22.

The factor which affects security deposit is the number of consumers. As per the GERC (MYT) Regulations, 2016 variation in the number of consumers is an Uncontrollable factor. Accordingly, the Commission has approved the Gains / (Losses) as shown in the Table below:

Table 3-27: Gains / (Losses) on account of Interest on Security Deposit for FY 2021-22

(Rs. Crore)

Particulars	Approved in the Tariff Order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Interest on security deposit	0.31	0.26	0.05	-	0.05

3.11 Interest on Working Capital

Petitioner's submission

GIFT PCL has submitted the following details regarding Interest on Working Capital.

Table 3-28: Interest on Working claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Actual Claimed
O&M Expenses for 1 month	0.07	0.40
1 % of GFA for Maintenance Spares	0.29	1.20
Receivables for 1 month	1.47	1.64
Working Capital Requirement	**1.83**	**3.24**
Less: Average Security Deposit	6.61	6.40
Total Working Capital	**-**	**-**
Interest Rate (%)	10.25%	0.00%
Interest on Working Capital	**-**	**-**

The Petitioner has submitted that as per the GERC (MYT) Regulations, 2016 the working capital computed is Rs 3.24 Crore and the amount of consumer security deposits is Rs. 6.40 works and thereby the working capital requirement works out to be Nil.

Commission's view

The Commission has reviewed the Working Capital Requirement in terms of the component wise values approved in preceding sections. The average security deposit, based on the information available in the Audited Annual Accounts, considered is Rs. 6.88 Crore.

In line with the above proviso to Regulation 40.4 (b), the Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 7.00% prevailing during the financial year 2022-23 plus 250 basis points. Accordingly, the rate of interest on working capital is worked out to 9.50%.

The Working Capital Requirement works out to be **Nil** and hence **Nil** interest on working capital is considered.

Table 3-29: Interest on Working Capital approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Actual Claimed	Approved in Truing up
O&M Expenses (1 month)	0.07	0.40	0.40
Spares (1% of GFA)	0.29	1.20	0.18
Receivables (1 month of revenue at existing tariffs)	1.47	1.64	1.64
Sub-total	**1.83**	**3.24**	**2.22**
Less: Security Deposit	6.61	6.40	6.88
Normative Working Capital	**-**	**-**	**-**
Interest Rate (%)	10.25%	0.00%	9.50%
Interest on Working Capital	**-**	**-**	**-**

Accordingly, the Commission approves Interest on Working Capital as Nil for Truing up for FY 2021-22.

3.12 Return on Equity

Petitioner's submission

GIFT PCL has submitted the following details with regard to return on equity:

Table 3-30: Return on Equity claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Actual Claimed
Opening Equity	7.09	33.59
Equity portion of Capitalization during the Year	3.53	-
Closing Balance of Equity	10.62	33.59
Average Equity	8.86	33.59
RoE at 14%	14.00%	14.00%
Return on Equity	1.24	4.70

GIFT PCL has submitted that the equity additions for FY 2021-22 have been determined based on the capitalisation during the year. The equity additions in the year have been considered as 30% of the amount of net capitalization during the year. The Return on equity has been computed by applying the rate of 14.00% on the average of the opening and closing balance of FY 2021-22 as per the GERC (MYT) Regulations, 2016.

Commission's view

The Commission has considered the opening equity for FY 2021-22 same as the closing equity for FY 2020-21 as approved in the Tariff Order for Truing up for FY 2020-21 and Determination of Tariff for FY 2022-23 dated 31st March, 2022 and the addition to Equity for FY 2021-22 as per the details worked out in Table 3-18. Accordingly, the Commission approves the Return on Equity for FY 2021-22 as shown below:

Table 3-31: Return on Equity approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Actual Claimed	Approved in Truing Up
Opening Equity	7.09	33.59	3.97
Equity portion of Capitalization during the Year	3.53	-	-
Closing Balance of Equity	10.62	33.59	3.97
Average Equity	**8.86**	**33.59**	**3.97**
RoE at 14%	14.00%	14.00%	14.00%
Return on Equity	**1.24**	**4.70**	**0.56**

Accordingly, the Commission approves Return on Equity at Rs. 0.56 Crore for Truing up of FY 2021-22.

The Commission approves the Gains / (Losses) on account of Return on Equity in the Truing-Up for FY 2021-22, as detailed in the Table below:

Table 3-32: Gains / (Losses) on account of Return on Equity for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Return on Equity	1.24	0.56	0.68	-	0.68

3.13 Income Tax

Petitioner's submission

GIFT PCL has submitted that it has paid no income tax for FY 2021-22. Accordingly, it has claimed **Nil** Income Tax for FY 2021-22 similar to that approved in Tariff Order dated 1st April, 2021.

Commission's view

The Commission approves Income Tax for Truing up for FY 2021-22 as **Nil**.

3.14 Contingency Reserve

Petitioner's submission

GIFT PCL has submitted that it has not contributed any amount towards the contingency reserve against Rs. 0.14 Crore for FY 2021-22 as approved in the Tariff Order dated 1st April, 2021.

Table 3-33: Contribution to Contingency Reserve claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Actual Claimed
Contribution to Contingency Reserve	0.14	-

Commission's view

The Commission approves NIL Contribution to Contingency Reserves for FY 2021-22 as per the submission by the Petitioner as shown below:

Table 3-34: Contribution to Contingency Reserve approved for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Actual Claimed	Approved in Truing-Up
Contribution to Contingency Reserve	0.14	-	-

Accordingly, the Commission approves NIL Contribution to Contingency Reserves for Truing up of FY 2021-22.

The Commission approves the Gains / (Losses) on account of Contribution to Contingency Reserves in the Truing-Up for FY 2021-22, as detailed in the Table below:

Table 3-35: Gains / (Losses) on account of Contribution to Contingency Reserves for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Contribution to Contingency Reserve	0.14	-	0.14	-	0.14

3.15 Non-tariff income

Petitioner's submission

GIFT PCL has submitted that the actual Non-tariff Income for FY 2021-22 is Rs. 0.98 Crore against the Non-tariff income of Rs. 0.53 Crore as approved in the Tariff Order for FY 2021-22 dated 1st April, 2021.

Commission's view

On a query from the Commission regarding break-up of the Non-tariff Income, GIFT PCL vide its letter dated 4th January, 2023 submitted the bifurcation of Non-tariff Income as follows:

- Bid Document Fees: Rs. 68,000
- Interest Received: Rs. 9,64,0000
- Registration Fees: Rs 33,000
- Test report Fees: Rs. 2,000
- Miscellaneous Income: Rs.10,000

The Commission has verified the breakup of Non-tariff income from the annual accounts and found the Non-tariff Income for FY 2021-22 as Rs. 0.98 Crore.

Accordingly, the Commission approves Non-tariff Income at Rs. 0.98 Crore for Truing up of FY 2021-22.

The Commission considers variation in the Non-tariff Income as an uncontrollable factor. The Commission approves the Gains / (Losses) on account of Non-tariff Income in the Truing-Up for FY 2021-22, as detailed in the Table below:

Table 3-36: Gains / (Losses) on account of Non-tariff Income for FY 2021-22

(Rs. Crore)

Particulars	Approved in Tariff order	Approved in Truing up	Deviation + / (-)	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
Non-tariff income	0.53	0.98	(0.45)	-	(0.45)

3.16 Income from Other Business

Petitioner's submission

Petitioner has commenced Back-up Power Business (Non-Regulated) in FY 2021-22 which is termed as 'Other Business' of the Petitioner as per GERC MYT Regulations, 2016. The Petitioner has submitted the following description about the Back-up Power Business:

- Individual/Institutional Building Consumers such as Data Centre, Hotels, Hospitals are allowed to create their own back-up power infrastructure at their own premises. In this case, Petitioner checks only the statutory compliances of the installations.
- Floor/Unit-wise Consumers located in High-rise Buildings like International Exchanges, International Banks, International Financial Service Units cannot create their own back-up power at their own/near premises due to various rules and regulations in force.
- The requirement of Back-up Power Arrangement from Consumers located in High-rise Buildings has increased significantly in FY 2021-22 and the Back-up Power has been the primary requirement for such businesses as they mainly deal with international standards. Therefore, Petitioner has decided to develop centralized/customer centric back-up power infrastructure based on consumers request and technical feasibility.
- The Petitioner provides Back-up Power Arrangements to only voluntary consumers and the capital expenditure for same is being recovered proportionately from consumers based on requisitioned contract demand.
- The Operation and Maintenance of Centralized Back-up Power Arrangement is being done by Petitioner. Accordingly, the Petitioner has decided to recover the O&M Cost on KVA basis from consumers based on contracted demand.
- The Consumers opted for Back-up Power Supply Arrangements are Bank of America, PWC, India INX, NSE and Fire Systems & Common Area Load of High-Rise Buildings.

This Back-up Power is being sourced by voluntary consumers based on their business and statutory requirements. The details of Revenue and Expenditure of Back-up Power Business during FY 2021-22 are furnished below:

Revenue: Rs. 0.23 Crores

Expenditure: Rs. 0.29 Crores

Profit/(Loss): Rs. (0.06) Crores

Based on the above, Petitioner has incurred loss of Rs. 0.06 Crores during FY 2021-22 and accordingly income from other business has been considered as 'Zero' in True-up of FY 2021-22. The Petitioner has also prayed to recognise the Back-up Power Business as 'Other Business of the Petitioner'.

Commission's view

It is observed that the GIFT PCL (the Petitioner) is a 100% subsidiary company of Gujarat International Finance Tec-city Company Limited (GIFTCL), wherein the Petitioner is mandated to provide power supply to the consumers of the GIFT City. The Petitioner being the distribution licensee has submitted that it has planned to develop centralized/customer centric back-up power infrastructure based to the consumers on their request and technical feasibility. The Petitioner has clarified that the details of the assets and expenses of such back-up power business is being maintained separately and it does not form part of the regulated distribution business of the Petitioner.

It is verified from the Audited Accounts that the Petitioner has earned Revenue of Rs. 0.23 Crore in FY 2021-22 against expenditure of Rs. 0.29 Crore. Therefore, the Petitioner has borne net loss of Rs. 0.06 Crore. Therefore, the Petitioner has considered Nil income from Other Business.

The Commission has observed the submission of the Petitioner. While it is the responsibility of the Petitioner to provide reliable and quality power supply to its consumers in the license area, maintenance of a back-up supply by some of the consumers, on account of their location and / or specific nature of activity is not uncommon. Therefore, the Petitioner is allowed to carry on this activity under 'Other Business' subject to the provisions of Section 51 of the Electricity Act, 2003, Regulation 90 of the GERC MYT Regulations, 2016, and any other Statute, Regulations, Orders, as applicable from time to time. The relevant provisions of the Electricity Act, 2003 and GERC MYT Regulations, 2016 are reproduced as below:

Electricity Act, 2003

"Section 51. (Other businesses of distribution licensees):

A distribution licensee may, with prior intimation to the Appropriate Commission, engage in any other business for optimum utilisation of its assets:

Provided that a proportion of the revenues derived from such business shall, as may be specified by the concerned State Commission, be utilised for reducing its charges for wheeling.

Provided further that the distribution licensee shall maintain separate accounts for each such business undertaking to ensure that distribution business neither subsidises in any way such business undertaking nor encumbers its distribution assets in any way to support such business.

Provided also that nothing contained in this section shall apply to a local authority engaged, before the commencement of this Act, in the business of distribution of electricity."

GERC MYT Regulations, 2016

*"**90. Income from Other Business***

Where the Distribution Licensee is engaged in any Other Business, an amount equal to one-third of the revenues from such Other Business after deduction of all direct and indirect costs attributed to such Other Business shall be deducted from the Aggregate Revenue Requirement in determining the wheeling charges of Distribution Wires Business of the Distribution Licensee:

Provided that the Distribution Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Wires Business and the Other Business and shall submit the Allocation Statement to the Commission, duly audited and certified by the statutory auditors, along with his application for determination of wheeling charges:

Provided further that once the Commission notifies the Regulations for submission of Regulatory Accounts, the applications for tariff determination and truing up shall be based on the Regulatory Accounts:

Provided also that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the Aggregate Revenue Requirement of the Distribution Licensee on account of such Other Business.".

3.17 Revenue from Sale of Power

Petitioner's submission

GIFT PCL has claimed revenue of Rs. 19.69 Crore from sale of power to consumers in FY 2021-22.

Commission's view

The Commission observes that the revenue as per audited accounts is Rs. 19.69 Crore.

Accordingly, the Commission approves Revenue of Rs. 19.69 Crore from sale of power to consumers for Truing up of FY 2021-22.

3.18 Summary of Aggregate Revenue Requirement and sharing of Gains/ Losses

Petitioner's submission

GIFT PCL has submitted the comparison of various ARR components and computed the Gains / (Losses) due to Controllable and Uncontrollable factors as summarized below:

Table 3-37: ARR claimed for FY 2021-22

(Rs. Crore)

Particulars	Approved	Actual	Difference	Gains/ (Losses) due to Controllable factors	Gains/ (Losses) due to Un-Controllable factors
Power Purchase Expenses	11.95	12.33	(0.38)	-	(0.38)
Operation & Maintenance Expenses	0.82	4.83	(4.01)	-	(4.01)
Depreciation	1.78	5.70	(3.92)	-	(4.63)
Interest & Finance Charges	0.85	3.47	(2.62)	-	(2.64)
Return on Equity	1.24	4.70	(3.46)	-	(3.46)
Interest on Working Capital	0.00	0.00	0.00	-	0.00
Interest on Security Deposits	0.31	0.26	0.05	-	0.05
Income Tax	0.00	0.00	0.00	-	0.00
Contingency Reserve	0.14	0.00	0.14	-	0.14
Less: Non-Tariff Income	0.53	0.98	(0.45)	-	(0.45)
Total Aggregate Revenue Requirement	**15.85**	**30.32**	**14.47**	**-**	**14.47**

Following is the summary of trued-up ARR of 2021-22 to be recovered by GIFT PCL after incorporation of sharing of Gains / (Losses)

Table 3-38: Trued up ARR claimed for FY 2021-22

(Rs. Crore)

Particulars	Legend	Actual claimed
ARR as per MYT order	A	15.85
Gains/(Losses) due to uncontrollable factors	B	(14.47)
Gains/(Losses) due to controllable factors	C	0.00
Pass through as tariff	D= -(1/3 of C+B)	14.47
Trued up ARR	E=A+D	30.32
Revenue	F	19.69
Gap/(surplus) for FY 2021-22	G=E-F	10.63

Commission's view

The Commission has computed the sharing of Gains and Losses for FY 2021-22 based on the Truing up for each of the components discussed in the above paragraphs in the Table below:

Table 3-39: ARR approved along with impact of Controllable/ Uncontrollable Factors for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Approved in Tariff Order	Approved in Truing up	Over(+)/ under(-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
1	Power Purchase Expenses	11.95	12.33	(0.38)	-	(0.38)
2	Operation & Maintenance Expenses	0.82	4.83	(4.01)	-	(4.01)
3	Depreciation	1.78	0.91	0.87	-	0.87
4	Interest & Finance Charges	0.85	0.32	0.53	-	0.53
5	Interest on Security Deposit	0.31	0.26	0.05	-	0.05
6	Interest on Working Capital	-	-	-		-
7	Contribution to Contingency Reserves	0.14	-	0.14	-	0.14
8	Bad Debts written off	-	-	-	-	-
9	**Total Revenue Expenditure**	**15.85**	**18.66**	**(2.81)**	**-**	**(2.81)**
10	Return on Equity	1.24	0.56	0.68	-	0.68
11	Income Tax	-	-	-		-
	Aggregate Revenue Requirement	**17.09**	**19.21**	**(2.12)**	**-**	**(2.12)**

Sr. No.	Particulars	Approved in Tariff Order	Approved in Truing up	Over(+)/ under(-) Recovery	Gains / (Losses) due to Controllable factor	Gains / (Losses) due to Uncontrollable factor
12	Less: Non-tariff Income	0.53	0.98	(0.45)	-	(0.45)
	Less: Income from Other Business	-	-	-	-	-
13	**Net Aggregate Revenue Requirement**	**16.56**	**18.24**	**(1.68)**	**-**	**(1.68)**

Summary of trued up ARR of FY 2021-22 to be recovered by GIFT PCL after incorporation of sharing of Gains/ Losses is as detailed in the Table below:

Table 3-40: Trued up ARR approved for FY 2021-22

(Rs. Crore)

Sr. No.	Particulars	Legend	Approved in Truing up
1	ARR as per MYT order	A	16.56
2	Gains/(Losses) due to uncontrollable factors	B	(1.68)
3	Gains/(Losses) due to controllable factors	C	-
4	Pass through as tariff	D=-(1/3 of C+B)	1.68
5	Trued up ARR	E=A+D	18.24
6	Revenue	F	19.69
7	Gap/(surplus) for FY 2020-21	G=E-F	(1.45)

3.19 Net Revenue Gap / (Surplus)

The Net Revenue Gap / (Surplus) approved for FY 2021-22 is given in the Table below:

Table 3-41: Net Revenue Gap / (Surplus) approved for FY 2021-22

(Rs. Crore)

Particulars	Actual Claimed	Approved in Truing up
Annual Revenue Requirement (Trued-up)	30.32	18.24
Revenue from Sale of Power	19.69	19.69
Net Revenue Gap / (Surplus) (1-2)	10.63	(1.45)

Accordingly, the Commission approves the Trued-up revenue surplus of Rs. 1.45 Crore for FY 2021-22 as against Rs. 10.63 Crore Gap claimed by GIFT PCL. This Trued-up Surplus along with the holding cost is considered by the Commission for determination of tariff for FY 2023-24.

4. Determination of ARR for FY 2023-24

4.1 Introduction

This Chapter deals with the determination of ARR for FY 2023-24.

The Commission had issued Suo-Motu order on dated 20th October 2022 about applicability of the GERC (MYT) Regulations, 2016 for the determination of Annual ARR and determination of tariff for FY 2023-24.

GIFT PCL has submitted that it has worked out estimated ARR for FY 2023-24 based on the GERC (MYT) Regulations, 2016 in line with the directions issued by the Commission vide Order in Suo-Motu Petition No. 2140 of 2022 dated 20th October, 2022.

The present chapter covers the projected ARR of FY 2023-24 as submitted by GIFT PCL and the approach adopted by the Commission for determination of the ARR for the FY 2023-24.

4.2 ARR for FY 2023-24

The Table below summarises the Annual Revenue Requirement, as claimed by the Petitioner or FY 2023-24.

Table 4.1: ARR claimed by GIFT PCL FY 2023-24

(Rs. Crore)

Particulars	2023-24
Power Purchase Expenses	31.79
O&M Expenses	5.39
Depreciation	6.35
Interest and Finance Charges	3.35
Interest on security deposit	0.44
Interest on Working Capital	0.00
Provision for bad debts	0.00
Contingency Reserve	0.63
Income Tax	0.00
Return on Equity @ 14%	5.17
Less: Non-Tariff Income	1.08
Total Aggregate Revenue Requirement	**52.05**

4.3 Energy Sales

Petitioner's submission

GIFT PCL has submitted that sales forecast is worked out according to demand projection as per actual sales in the past years and current market scenario in the SEZ area.

GIFT PCL has submitted that the license area is being developed as financial / commercial hub by GIFT CL & GIFT SEZ. The Financial Services/Commercial Sector development is likely to take place gradually over a period. The SEZ and NON-SEZ Area is still in the development phase. GIFT Master Plan facilitates Multi Services SEZ with International Financial Service Centre (IFSC) status, approved by Government of India and Domestic Finance Centre and associated Social infrastructure. The total allotted BUA is around 21.69 MnSqft out of which 3.68 MnSqft BUA is already completed while work is in progress in 4.63 MnSqft area and around 13.38 MnSqft area is in planning stage. The new Financial Services institutions/Commercial Institutions and associated necessary infrastructure is likely to develop gradually based on overall economic conditions. Hence, it would be very difficult to project the demand and sales projections precisely, for the initial phase of development.

The Petitioner has submitted that the overall energy sales growth (5 year CAGR) was modest (12.84%) from FY 2017-18 to FY 2021-22. Over the years, various developers completed their buildings, and consumers occupied their respective area and sales have increased. Accordingly, Petitioner has registered yearly growth of 28.83%. It is expected that consumer base will increase as new consumers will be added as per development plan. However, considering energy sales during FY 2021-22, 3 year CAGR growth was 7.22% and yearly growth was 28.83%. The details of historical growth rate, as per consumer category, as submitted by the Petitioner are given in the Table below:

Table 4.2: Energy Sales Projections for FY 2023-24

(Rs. Crore)

Consumer Category & Consumption Slab	5 year CAGR growth	3 year CAGR growth	Yearly growth
HT Category			
HTP-I	16.70%	8.14%	32.03%
HTP-III	-18.59%	-24.12%	-58.17%

Consumer Category & Consumption Slab	5 year CAGR growth	3 year CAGR growth	Yearly growth
LT Category			
RGP	-	17.31%	26.97%
GLP	0.07%	-1.94%	2.93%
NON-RGP (load up to 40 kW)	15.85%	10.83%	32.15%
LTMD (load above 40 kW and up to 100 kW)	4.79%	5.72%	20.43%
SL	00.00%	00.00%	00.00%
TMP	-3.25%	1.85%	60.00%
Total	**12.84%**	**7.22%**	**28.83%**

The Petitioner has submitted that it had carefully studied the trend of past sales in various tariff categories and the load growth assessment based on demand estimation from upcoming new buildings / establishment coming in the license area and derived the energy consumption for FY 2023-24. The methodology adopted for energy sales projection is described below with the assumptions:

a) Existing constructed floor area with year-on-year trend of increase in occupancy;

b) New development of floor area allotted and in plan approval stage;

c) Under construction floor space and timeline for completion;

d) Estimated power requirements of existing and prospective consumers with reference to development plan, power demand and energy use ratio of preoccupied space, as per category of utilization;

e) The Petitioner has also collected inputs from Developers for load projection about prospective clients, who can occupy the allotted area during FY 2022-23 and FY 2023-24.

Based on various projects in progress, inputs collected from developer of SEZ and Non-SEZ area about prospective clients, details of plots allotted so far in SEZ and Non-SEZ area, the projections for number of consumers have been worked out. The summary is as under:

Table 4.3: Projections of Consumers for FY 2023-24

(Rs. Crore)

Category	No. of consumers	sanctioned Load in kW	Contract Demand in KVA/MVA
HTP 1			
Up to 500 kVA of billing demand	HT Metering: 6 LT Metering: 16		6242
501-1000 kVA	HT Metering: 3		2389
1001 -2500 kVA	HT Metering: 3		6277
Above 2500 kVA	0		0
HTP 3	2		210
LT Category			
RGP			
Others			
Upto 2 kW	25	50	
Above 2 kW - upto 4 kW	275	860	
Above 4 kW - upto 6 kW	307	1837	
Above 6 kW	0	0	
GLP	17	320.50	
Non RGP			
First 10 kW of connected load	292	1528.50	
Next 30 kW of connected load	118	2554	
LTMD			
For first 40 kW	17	491	
Above 40 kW - upto 60 kW	28	1462	
Above 60 kW-upto 100 kW	26	2041	
TMP	103	2708	
LT – EVCS	4	151	
Total	**1243**	**14003**	**15368**

Commission's view

In response to Commission's query, the Petitioner has submitted the excel sheet of projections of Energy Sales for FY 2023-24. The Petitioner has submitted that the number of consumers and connected load is going to increase in view of completion of some buildings and based on new developments in the licensee area. The increase in energy sales is mainly due to projected increase in power consumption by prime consumers like Bank of America, District Cooling System, IBM and Brokers Forum Building whereas the projected new consumers are SBI Building, LIC Building and

WTC Building. Also, there is a significant increase in new allotments where almost 10 buildings (Commercial & Residential) will begin their construction activities.

The Commission has noted the category-wise sales projected by the Petitioner for FY 2023-24. As energy sales are difficult to predict given that the SEZ is still under the development stage, the Commission is of the view that the Licensee is in the best position to judge the sales growth, and hence, accepts the category-wise sales as projected by GIFT PCL, as shown in the Table below:

Table 4-4: Energy Sales approved for FY 2023-24

(MU)

Particulars	GIFT PCL Petition	Approved in this Order
Energy Sales	55.01	55.01

The Commission approves energy sales of 55.01 MU for FY 2023-24.

4.4 Distribution Losses

Petitioner's submission

GIFT PCL has projected distribution losses of 3.00% for the FY 2023-24. GIFT PCL has submitted that it has created state of art power distribution network in SEZ and Non-SEZ area which is spread over an area of 886 acres. The Petitioner has considered N-1 network redundancy at all levels for higher power reliability and availability to end consumers in the Distribution License Area.

The actual power purchase and corresponding energy sales reveal that the distribution losses in the license area are reducing gradually from ~5.56% to ~3.01% during past three financial years. The Petitioner has submitted that as the energy sales is increasing, transformer loading is gradually improving, which leads to distribution loss reduction. Further, as the occupancy of existing building increase and new buildings comes up, the distribution loss shall gradually decrease. The distribution losses have reduced significantly, and the Petitioner is working very hard to maintain the same level. Therefore, the Petitioner has projected distribution loss of 3.00%.

In view of above, GIFT PCL has requested the Commission to allow projected distribution losses for FY 2023-24 as shown in Table below:

Table 4.5: Projection of Distribution Losses projected for FY 2023-24

Particulars	GIFT PCL Petition
Distribution Losses (%)	3.00%

Commission's view

The Petitioner has considered the Distribution Losses of 3.00% for FY 2023-24. The transformer losses get stagnant after achieving breakpoint because auxiliary losses are fixed at certain levels and the losses shall only decrease after substantial increase in energy sales. The sub-station yard loss (i.e. at 66 kV) hovers in between 1.70% to 1.90%. Due to increase in consumers which are located far away from sub-station (i.e. SEZ area), the cable route length for last mile connectivity consequently increases. Accordingly, the ideal distribution losses are in range of 1.3% to 1.5%. Hence, distribution losses remain in range of 3% to 3.5% range despite increase in sales.

The Commission has noted the submissions of the Petitioner. While the loss levels may be linked to the quantum of sales or optimal loading of the network, it should be the endeavour of the Petitioner to reduce the losses further from the existing levels especially considering that there are no commercial losses in the network. Accordingly, considering the foregoing, the Commission approves the Distribution Losses as shown in the Table below:

Table 4-6: Distribution Losses approved for FY 2023-24

Particulars	Projected by GIFT PCL	Approved in this order
Distribution losses (%)	3.00%	3.00%

The Commission approves Distribution Losses of 3.00% for FY 2023-24.

4.5 Energy Balance

Petitioner's submission

GIFT PCL has submitted that the projection of Energy Balance for the FY 2023-24 is based on the projection of consumer category wise sales and projected distribution losses.

The estimated energy sales, losses and the resultant Energy Balance for the FY 2023-24 as projected by GIFT PCL are given below:

Table 4-7: Energy Requirement projected for FY 2023-24

Particulars	GIFT PCL Petition
Energy Sales (MU)	55.01
Distribution Losses (%)	3.00%
Distribution Losses (MU)	1.70
Energy Requirement (MU)	56.71

Commission's view

The Commission has noted the submissions of the Petitioner. The Commission's views on the proposed sources of power purchase have been outlined in the subsequent section relating to power purchase cost.

Based on the energy sales approved in Table 4-4 and the Distribution Losses approved in Table 4-6, the Commission has computed the energy requirement for GIFT PCL for FY 2023-24, as given in the Table below:

Table 4-8: Energy Requirement approved for FY 2023-24

Particulars	GIFT PCL Petition	Approved in this Order
Energy Sales (MU)	55.01	55.01
Distribution Losses (%)	3.00%	3.00%
Distribution Losses (MU)	1.70	1.70
Energy Requirement (MU)	56.71	56.71

4.6 Energy Availability and Power Purchase Cost

Petitioner's submission

GIFT PCL has projected power requirement to be procured for retail supply business during FY 2023-24. GIFT PCL has worked out the quantum of power procurement based on projected sale of power to its customers and projected Transmission and Distribution losses. The total energy procurement would be around 56.71 MU for FY 2023-24 considering the distribution loss projected by the Petitioner. GIFT PCL has considered the source-wise energy procurement based on estimated sales during FY 2023-24.

Power Purchase through Medium Term Open Access from PTC India Ltd. and other Short-Term Sources:

The Petitioner has arranged power through MTOA from source located in Gujarat through PTC India Ltd, who is managing the power portfolio and arranged power for the Petitioner. The Petitioner has planned to purchase significant quantum of electricity through PTC India Ltd on medium term basis. In FY 2023-24, it has been proposed that PTC India Ltd will supply majority of power through MTOA (having contract of 3 MW) and remaining balance requirement of power will be managed through short term sources (through power exchange) & own generation through solar. The proposed capacity under MTOA will be around 3 MW considering the present PPA in force. Considering the demand under MTOA and year-long requirement for RTC (Round the Clock) power, the energy injection at distribution periphery would be around 25.29 MU, after deducting the intra-state transmission loss. The rate of power purchase from PTC India Ltd. Is envisaged at approximately Rs. 5.45/Unit (incl. trading margin), with consideration of the prevailing landed cost, for FY 2023-24.

<u>Own Generation:</u>

The Petitioner has submitted that due to increase in power purchase prices in recent times, Petitioner is setting up 4.95 MW Solar Plant at its own land in a phased manner. The Commission vide judgement dated 21st October, 2022 has provided ‘In-principle approval of power procurement by setting up own Solar Plant on Capital Expenditure Model’. Petitioner’s Own Solar Plant is expected to be commissioned by September’2023. Accordingly, the Power Purchase through Own Generation is projected from October’2023.The Petitioner has considered tentative tariff from own generation at Rs. 4.70/kWh.

<u>Short Term Sources:</u>

For short term sources, the Petitioner projects to source around 32% of power procurement through DAM and 20% through G-DAM from Power Exchange. Based on the rate discovered in DAM market, it has been assumed the purchase rate would be around Rs. 5.65/kWh (including trading margin) for energy procured through DAM and Rs. 6.05/kWh (including trading margin) for energy procured through G-DAM to be purchased from Power Exchange. This rate is considered for power available at distribution periphery after considering all the necessary charges.

Renewable Power Purchase Obligation (RPO)

The Petitioner has submitted that as per the Gujarat Electricity Regulatory Commission (Procurement of Energy from Renewable Sources) (Third Amendment) Regulations, 2022 (dated 8/4/2022), the RPO level fixed the Commission for FY 2023-24 is as given in the Table below:

Table 4-9: RPO target for FY 2023-24

RE Technology	GIFT PCL Petition
Solar	9.50%
Wind	8.40%
Others (Biomass, Bagasse, and MSW)	0.75%
Hydro	0.05%
Total	**18.70%**

GIFT PCL has considered to meet solar RPO through energy generation from projects situated in the licensee area under net-metering arrangements, solar generation from own solar plant and balance from procuring through Green DAM (G-DAM) from Power Exchanges at rates up to Rs. 6.05 per kWh. The entire non-solar RPO will be met through non-solar G-DAM purchase only. The details of RPO compliance of ensuring years as submitted by the Petitioner are given below:

Table 4-10: Proposed RPO Compliance for FY 2023-24

(MU)

S. No	Particulars	Unit	Value
1	**Total power procurement**	**MU**	56.71
2	Solar RPO target	(%)	9.50%
a)	Solar RPO quantum to be purchased	MUs	5.39
b)	Solar Generation under net-metering arrangement	MUs	1.52
c)	Solar Generation from Own Generation	MUs	1.82
d)	Solar power to be purchased from Power Exchange	MUs	2.05
3	Non-Solar RPO target (wind, others and Hydro)	%	9.20%
a)	Non-Solar RPO quantum to be purchased	MUs	5.22
b)	Non-Solar power to be purchased exchange	MUs	5.22

GIFT PCL has considered purchase of aforesaid renewable power in accordance with the RPO target notified by Commission through its GERC (Procurement of Energy from Renewable Sources) Regulations, 2010 has been substituted in Third Amendment, 2022.

The summary of estimated source-wise power purchase cost during FY 2023-24 is tabulated below:

Table 4-11: Power Procurement Quantum & Cost projected by GIFT PCL for FY 2023-24

Particulars	Energy Quantum (MUs)	Total Annual Fixed Charges (Rs Crore)	Variable Cost per unit (Rs/kWh)	Total Variable Charges (Rs Crore)	Power Trading Charges / margin (Rs Crores)	Total Cost of Energy purchased (Rs Crore)	Per Unit Cost of energy purchased (Rs/kWh)
Long term / Medium term Sources							
PHILLIPS CARBON / OTHER GENCO (PTC)	25.29	0.003	5.40	13.66	0.12	13.79	5.45
Own Generation	1.82	-	4.70	0.85	-	0.85	4.70
Short term Sources							
IEX (DAM)	18.28	0.012	5.60	10.23	0.09	10.33	5.65
IEX (GDAM)							
Solar _2023-24	3.56	-	6.00	2.14	0.02	2.16	6.05
Solar _2019-20	0.65	-	6.00	0.39	0.00	0.39	6.05
Non Solar _2023-24	5.21	-	6.00	3.13	0.02	3.15	6.05
Non solar _2019-20	1.84	-	6.00	1.11	0.01	1.11	6.05
Total RE (GDAM)	**11.27**			**6.76**	**0.05**	**6.81**	**6.05**
Total	**56.71**	**0.015**	**5.56**	**31.51**	**0.26**	**31.79**	**5.61**

Commission's view

The Petitioner has proposed to procure power from PTC India Ltd. on medium term basis. It is observed that the Petitioner renews its PPA every year therefore, it is assumed that the Petitioner will renew its PPA during FY 2023-24 also. Therefore, the Commission approves the purchase of 25.29 MU through PTC under MTOA as projected by the Petitioner for FY 2023-24 provisionally. However, the Petitioner is directed to submit the relevant documents at the time of Truing up of FY 2023-24.

It is observed that the Petitioner has planned to procure 1.82 MU at tentative rate of Rs. 4.70/kWh from its own generation through 4.95 MW Solar Plant but has not provided any justification regarding the consideration of such high rate of Rs. 4.70/kWh for procuring power from own solar generating plant. Further, the Commission vide order dated 11th June, 2021 in Petition No. 1936 of 2021 has approved tariff of Rs. 2.25/kWh for procuring power from solar generating station. The Commission also approved wheeling charges of Rs. 0.05/ kWh on energy fed into the grid to distribution licensee. Accordingly, the Commission has considered tariff of Rs. 2.30 /kWh for procuring power from the Petitioner's own solar generating plant. However, the levelized tariff to be determined by the Commission in accordance with the judgement dated 21st October, 2022 in Petition No. 2142 of 2022, for the procurement of power from the Petitioner's own solar generating plant shall be considered at the time of Truing up of FY 2022-23.

The Commission notes that GIFT PCL has proposed to meet the requirement towards the solar and non-solar RPO target for FY 2023-24 through G-DAM at Rs. 6.05 /kWh. The Commission, further, directs GIFT PCL to be diligent and ensure that RE power is procured to meet its RPO requirement. The Commission is of the view that Petitioner may take necessary steps to take advantage of new facilities/ services/ products available in the power market to optimise its power purchase cost. The Commission has considered power purchase quantum of 11.27 MU (4.21 MU for Solar + 7.06 MU for Non-Solar) through G-DAM from IEX at rate of Rs. 6.05 per kWh (including power trading margin) for power purchase cost of FY 2023-24.

The Commission allows to procure balance quantum of 18.33 MU through Power Exchange at rate of Rs. 5.65 per kWh (including power trading margin). The Commission while approving the projected power purchase cost, subject to truing-up, directs GIFT PCL to make payment of trading margin after prudence check.

Accordingly, the Commission hereby approves the source-wise energy purchase as follows:

Table 4-12: Energy Availability approved for FY 2023-24

(MU)

Particulars	GIFT PCL Petition	Approved in this Order
MTOA through PTC	25.29	25.29
Own Generation	1.82	1.82
IEX -Dam	18.28	18.33
IEX -GDAM (Solar)	4.21	4.21
IEX -GDAM (Non Solar)	7.06	7.06
Total	**56.66**	**56.71**

Accordingly, the Commission hereby approves the source-wise energy purchase as follows:

Table 4-13: Source-wise Power Purchase Cost approved for FY 2023-24

(MU)

Particulars	Energy Quantum (MUs)	Total Annual Fixed Charges (Rs Crore)	Variable Cost per unit (Rs/kWh)	Total Variable Charges (Rs Crore)	Power Trading Charges/ margin (Rs Crores)	Total Cost of Energy purchased (Rs Crore)	Per Unit Cost of energy purchased (Rs/kWh) (Rs Crore)
Long term / Medium term Sources							
PHILLIPS CARBON / OTHER GENCO (PTC)	25.29	0.003	5.40	13.66	0.12	13.79	5.45

Particulars	Energy Quantum (MUs)	Total Annual Fixed Charges (Rs Crore)	Variable Cost per unit (Rs/kWh)	Total Variable Charges (Rs Crore)	Power Trading Charges/ margin (Rs Crores)	Total Cost of Energy purchased (Rs Crore)	Per Unit Cost of energy purchased (Rs/kWh) (Rs Crore)
Own Generation	1.82	-	2.30	0.42	-	0.42	2.30
Short term Sources							
IEX (DAM)	18.33	0.012	5.60	10.26	0.09	10.35	5.65
IEX (GDAM)							
Solar 2022-23	4.21	-	6.00	2.53	0.02	2.55	6.05
Non Solar 2022-23	7.06	-	6.00	4.23	0.03	4.27	6.05
Total RE (GDAM)	**11.27**		**6.00**	**6.76**	**0.05**	**6.81**	**6.05**
Total	56.71	0.015	5.48	31.101	0.264	31.37	5.53

4.7 Operation & Maintenance Expenses

Petitioner's submission

GIFT PCL has derived the O&M Expenses for FY 2023-24 by escalating the actual expenses of FY 2021-22 by 5.72%, twice. As per the provisions of the GERC (MYT) Regulations, 2016, the escalation factor has been considered on actual O&M Expenses for FY 2021-22.

The Petitioner has submitted that increase in R&M works is due to the work of the substation maintenance and distribution network which was assigned to third party with the responsibility of the reliability and quality power supply which leads to increase in the cost of R&M work. Further there is an impact of inflation on the Repair & Maintenance expense and Administrative & General Expense. The A&G expense also includes Petition fee to be paid to GERC for Tariff Petition and other miscellaneous purpose. As most of the R&M expenses are outsourced through National Competitive Bidding and price discovered is competitive.

- The Petitioner has considered increment to existing employee and hence Petitioner has escalated the Actual Employee Expenses of FY 2021-22 into 5.72% twice and considered Rs. 1.95 Crores for FY 2023-24.
- The R&M expenses and A&G expenses have been accounted by multiplying the Actual Expenses of FY 2021-22 into 5.72% twice and considered Rs. 2.07 Crores for R&M Expenses and Rs. 1.37 Crores for A&G Expenses during FY 2023-24.

The details of O&M Expenses claimed by the Petitioner is shown below:

Table 4-14: Operation and Maintenance Cost projected for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition
Employee Expenses	1.95
R&M Expenses	2.07
A&G Expenses	1.37
Operation and Maintenance Expenses	**5.39**

Commission's view

Regulations 86.2 and 94.8 of the GERC (MYT) Regulations, 2016 specify the method of allowing normative O&M Expenses for the MYT Control Period, as reproduced below:

"86.2 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.

b) 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 2021-22..."

The Commission notes that the FY 2023-24 was not part of the earlier control period (FY 2016-17 to FY 2020-21) and it was rather proposed to be the third year of the next Control Period starting FY 2021-22. While the notification of the new Tariff Regulations for the next Control Period was deferred by the Commission on account of circumstances and reasons beyond the control of the Commission, for the purpose of application of the norms for the FY 2023-24 as per the existing GERC (MYT) Regulations, 2016, the FY 2023-24 is being treated at par with the third year of the control period. Accordingly, the allowable O&M Expenses for the FY 2023-24 have been computed by the Commission in line with the provisions of the Regulation 86.2 of the GERC (MYT) Regulations, 2016 by considering the average actual O&M Expenses (approved by the Commission) for FY 2019-20 to FY 2021-22 which have been considered as the O&M Expenses for the FY 2021-22 ending 31st March 2022 and escalated year on year at rate of 5.72% to arrive at the allowable O&M Expenses for FY 2023-24. The Commission has approved actual O&M Expenses of Rs. 0.80 Crore, Rs. 3.79 Crore and Rs. 4.83 Crore for FY 2019-20, FY 2020-21 and FY 2021-22 respectively.

Table 4-15: Computation of Operation and Maintenance Expenses approved for FY 2023-24

(Rs. Crore)

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	Normative FY 2022-23	Escalation Factor	FY 2021-22	FY 2021-22	FY 2023-24
Operation and Maintenance Expenses	0.80	3.79	4.83	3.14	5.72%	3.32	3.51	3.71

Accordingly, the Commission approves the O&M Expenses for FY 2023-24 as given in the Table below.:

Table 4-16: Operation and Maintenance Expenses approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Employee Expenses	1.95	3.71
R&M Expenses	2.07	
A&G Expenses	1.37	
Operation and Maintenance Expenses	5.39	**3.71**

4.8 Capital Expenditure, Capitalization and Funding of Capex

Petitioner's submission

The Petitioner has submitted that it has established good distribution network along with build-in redundancies for ensuring uninterrupted quality power to the unit holders in GIFT SEZ and Domestic Tariff area which is part of GIFT PCL license area. The Petitioner has further submitted that during the present financial year, due to several unforeseen reasons particularly related to pandemic caused by COVID-19, the anticipated load growth for future years has been impacted. So, the capital expenditure is also kept minimal during the last two years. In post-lockdown scenario, economic activities are starting, and the Petitioner is expecting that the scenario would be encouraging in the ensuing financial year. Due to Pandemic and other associated uncertain situation, capital expenditure was very much low with nil capitalization during FY 2021-22. Considering the same, the anticipated capital expenditure and capitalization proposed by the Petitioner are as follows:

Table 4-17: Capex and Capitalisation projected for FY 2022-23 and FY 2023-24

(Rs. Crore)

Particulars	FY 2022-23	FY 2023-24
	Claimed	Claimed
Opening GFA	111.96	115.82
Opening CWIP	33.15	29.59
Capital expenditure during the year	1.94	9.97
Capitalization	5.50	15.35
Less: SLC Addition	1.64	1.00
Balance Capitalization during the year	3.86	14.35
Closing GFA	115.82	130.17
Closing CWIP	29.59	24.21

GIFT has submitted the proposed scheme-wise Capitalization for FY 2023-24 as under:

Table 4-18: Proposed Scheme-wise Capitalization for FY 2023-24

(Rs. Crore)

Sr. No.	Project	Project Cost
1	Power Distribution Arrangement for various consumers	1.00
2	Power Cables	1.92
3	Extension of existing 33 KV Power Distribution Arrangement for Block 56	2.70
4	Smart Metering for Existing Consumers	0.40
5	Smart Metering for New Consumers	0.60
6	Billing Software	0.40
7	Cyber Security Implementation Plan	0.15
8	Connectivity Charges	5.38
9	33/0.415 KV Substation at Block 41 and 46	2.80
	Total Capitalization Planned	**15.35**

- **Power Distribution Arrangement for various consumers**

  The Petitioner has to arrange Power Supply arrangements for new consumers and develop the necessary infrastructure for giving supply. Accordingly, various items have to be procured like meter box, feeder pillars, civil works & other miscellaneous items. The Petitioner, for such works has purposed Rs 1.00 Crores during FY 2023-24.

- **Power Cables**

  As the developments in the licensee area is fast paced, several new connections have to be released as a power supply arrangement. Accordingly, the Petitioner will purchase cables separately for meeting the power distribution requirements.

- **Extension of 33 KV Power Distribution Arrangement for Block 56**

Based on the development of new buildings near block 56, Petitioner has to augment the existing Power Distribution Arrangement by enhancing the capacities of Switching Panels in that particular block. This Augmented arrangement will be supplied to newly constructed buildings and HT consumers in Block-56.

- **Smart Metering for Existing Consumers**

  As per Ministry of Power's Notification F.No. 23/35/2019-R&R dated 17th August-2021, it has been directed to replace all the existing meters with smart meters with pre-payment feature. Also, the Commission vide letter dated 9th September-2021 has informed to submit a plan for installing Smart Meters. Accordingly, Petitioner is proposing to replace the existing AMR Meters in a phased-wise manner and install AMI Smart Meters during FY 2023-24 in the licensee area.

- **Smart Metering for New Consumers**

  As per the development plans, multiple buildings will start their operations in FY 2023-24. Accordingly, Petitioner needs to procure new meters for new consumers. Also, as directed by Ministry of Power and Hon'ble Commission, Petitioner is proposing to purchase Smart Meters for new consumers. It may please be noted that, Meter Manufacturers are now stopping the manufacturing of AMR meters. Hence, it is prudent to purchase Smart Meters.

- **Billing Software**

  As per the Petitioner has proposed to replace existing AMR meters with AMI Smart Meters and also purchase new AMI Smart Meters due to discontinuation of AMR meters, Petitioner needs to develop and source new billing software for achieving smooth integration with meters and enhance billing accuracy with modern techniques.

- **Cyber Security Implementation Plan**

  Central Electricity Authority (CEA) is mandated to prepare 'Guidelines on Cyber Security' to Power sector across the country that all DISCOMs should have their own Cyber security master plan. Based on this, all DISCOMs have been advised to conduct cyber security audit of their entire Infrastructure at regular interval through CERT-In empanelled Auditors so as to identify gaps and appropriate corrective actions to be taken in cyber security practices. In view of this requirement, Petitioner shall comply with cyber security guidelines issued by the Central Government, from time to time, and the technical standards for communication system in Power Sector laid down by the Authority. Therefore, Petitioner proposes Rs. 0.15 Crores for Cyber Security Implementation Plan.

- **Connectivity Charges**

  The Petitioner has paid the supervision charges to GETCO for second source substation. The project has been completed but hand-over is yet to be done. The Petitioner is following up with GETCO for finalisation of the amount paid. It is expected that the same will be finalised in ensuing year post handing over. The same was approved by the Commission in FY 2021-22 but it will be carry forwarded and get capitalized in FY 2023-24.

- **33/0.415 kV substation for Block 41**

  As per the development plan, Block 41 & 46 comprises 26 buildings including residential and shopping mall. The total power demand of Block 41 & 46 is approximately 10 MW. By considering development pace, it is required to set up two substations of 1 MW initially instead of earlier one substation of 1 MW to cater the demand of undergoing development of 4 buildings in Block-41 which will predominantly be LT consumers. As per the status of the project, the Petitioner is planning to construct two 1MW substations and for this reason the estimated cost has been increased from earlier Rs 2.00 Crores to Rs. 2.80 Crores. This Project was approved in FY 2021-22 and carry forwarded in FY 2022-23, but Petitioner will capitalize this project in FY 2023-24 with revised cost estimate of Rs. 2.80 Crores.

- **Ground Mount Solar Power Plant of 2.5 MW**

  As discussed in earlier section, the Petitioner is setting up 4.95 MW Solar Plant at its own land in a phased manner. The Commission vide judgement dated 21st October, 2022 has provided ‘In-principle approval of power procurement by setting up own Solar Plant on Capital Expenditure Model’. Petitioner’s Own Solar Plant is expected to be commissioned by September 2023.

Accordingly, GIFT PCL has proposed capital expenditure & capitalization for FY 2023-24 as per Table below:

Table 4-19: Capital Expenditure and Capitalization projected for FY 2023-24

(Rs. Crore)

Particulars	FY 2023-24
Capital Expenditure	9.97
Capitalisation	15.35

Commission's view

The Petitioner has submitted the proposed scheme-wise Capitalization for FY 2023-24. The Commission has examined the submissions of the Petitioner.

With regards to the charges for Power Distribution Arrangement, it is observed that being a distribution licensee the Petitioner is obligated to arrange Power Supply arrangements for new consumers and develop the required infrastructure for giving supply connections, for which the Petitioner will also have to procure various items. Therefore, in view of the above discussion, the capital expenditure of Rs. 2.92 Crore towards Power supply arrangement for new connections including cable, meter box, feeder pillars, & other misc. items for various consumers for FY 2023-24 is approved.

Regarding the Petitioner's claim of Rs. 2.70 Crore towards development of new buildings near block 56. It is observed that the Petitioner has to augment the existing Power Distribution Arrangement by enhancing the capacities of Switching Panels in that particular block. This augmented arrangement will be supplied to newly constructed buildings and HT consumers in Block-56. It is observed that the Petitioner has planned to capitalize the expenditure in FY 2023-24. In view of the above, the capital expenditure towards 33 kV Power Distribution augmentation for Block 56 is allowed.

It is observed that the Petitioner has planned to replace all the existing meters with smart meters with pre-payment feature as per directions of Ministry of Power. Also, the Petitioner is proposing to purchase Smart Meters for new consumers. The Petitioner has planned to capitalize the expenditure in FY 2023-24. It is observed that as the Meter Manufacturers are now stopping the manufacturing of AMR meters, it is prudent to purchase Smart Meters. Also, the smart will help the Petitioner in improving the accuracy in billing and collection efficiency. In view of the above, the capital expenditure towards smart metering for existing and new consumers is allowed.

It is observed that with the replacement of existing AMR meters with AMI Smart Meters and purchase of new AMI Smart Meters, the Petitioner will also require to develop/upgrade and source new billing software for achieving smooth integration with meters and enhance billing accuracy with modern techniques. The Petitioner has planned to capitalize the expenditure in FY 2023-24. Therefore, the capital expenditure towards the Billing software is also approved for FY 2023-24.

The Petitioner has proposed Rs. 0.15 Crore for Cyber Security implementation program based on CEA advise to conduct cyber security audit of their entire Infrastructure at regular interval through CERT-In empanelled Auditors so as to identify gaps and appropriate corrective actions to be taken in cyber security practices. The Petitioner has planned to capitalize the expenditure in FY 2022-23. In view of the above, it is observed that the Petitioner must take appropriate steps to ensure cyber security of the power system in its area. Therefore, the capital expenditure towards the Cyber Security Implementation Plan is approved for FY 2023-24.

It is observed that the Commission vide order dated 1st April, 2021 had approved Rs. 4.86 Crore towards GETCO supervision charge after finalisation for connectivity at 66 kV. The Petitioner has submitted that the project has been completed but hand-over is yet to be done. The Petitioner is following up with GETCO for finalisation of the amount to be paid. It is further observed that the Petitioner in the present petition has claimed Rs. 5.38 Crore towards the same in FY 2022-23 but has not provided the reasons for increase in such expenses when the amount is yet to be finalised. Therefore, the Commission has approved Rs. 4.86 Crore only as approved vide order dated 1st April, 2021. Further, the Petitioner is directed to take up the issue with GETCO and finalise the payment within 90 days from the issuance of this order, no further delay shall be allowed by the Commission.

It is observed that the Commission vide order dated 1st April, 2021 had approved Rs. 2.00 Crore towards 33/0.415 kV substation at Block 41, whereas the Petitioner in the present petition has claimed Rs. 2.80 Crore towards the same expenditure. In justification, the Petitioner has submitted that considering total power demand of Blocks 41 & 46 and development pace in the said blocks, it is required to set up two substations of 1 MW initially instead of earlier one substation of 1 MW to cater the demand of undergoing development of 4 buildings in Block-41 which will predominantly be LT consumers. The Petitioner has planned to capitalize the expenditure in FY 2022-23. The Commission of the view, the Petitioner has delayed the capitalisation of the said capital expenditure by two years due to pandemic. The Petitioner is directed to complete the said work in FY 2023-24 and no further delay in such capitalisation shall be allowed thereafter. In view of the above, the capital expenditure as claimed by the Petitioner towards the 33/0.415 kV substation at Block 41 is approved for FY 2023-24.

It is observed that the Petitioner has also claimed SLC of Rs. 1.00 Crore and same is allowed for FY 2022-23. The details of capital expenditure and capitalisation claimed by the Petitioner and allowed by the Commission is shown in the table below:

(Rs. Crore)

Sr. No.	Project	Capital expenditure		Capitalisation	
		Claimed	Allowed	Claimed	Allowed
1	Connectivity charges paid to UGVCL	-	-	5.38	4.86
2	Power supply arrangement for new connections including cable, meter box, feeder pillars, & other misc. items	1.00	1.00	1.00	1.00
3	Substation for Block 41	2.80	2.80	2.80	2.80
4	Power Cables	1.92	1.92	1.92	1.92
5	Smart metering Existing	0.40	0.40	0.40	0.40
6	Smart metering New	0.60	0.60	0.60	0.60
7	33 kV Power Distribution augmentation for Block 56	2.70	2.70	2.70	2.70
8	Billing Software for GIFT PCL	0.40	0.40	0.40	0.40
9	Cyber Security Implementation Plan as per CEA Notification	0.15	0.15	0.15	0.15
	Total Expenditure Planned	**9.97**	**9.97**	**15.35**	**14.83**
	SLC			1.00	1.00
	Net Expenditure Planned	**9.97**	**9.97**	**14.35**	**13.83**

Accordingly, the Commission approves Rs. 9.97 Crore of capital expenditure as claimed by the Petitioner for FY 2023-24 and based on the above discussion; the Commission has approved net Capitalization of Rs. 13.83 Crore against Rs. 14.35 Crore claimed by the Petitioner in FY 2023-24 as shown below:

Table 4-20: Capital expenditure worked out by Commission for FY 2022-23

(Rs. Crore)

Particulars	Approved in Tariff order	Revised Estimates
Capital Expenditure	1.50	1.94
Capitalisation	7.00	5.50
Less: SLC	9.30	1.64
Net Capitalisation	**-**	**3.86**

Table 4-21: Capital expenditure worked out by Commission for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Capital Expenditure	9.97	9.97
Capitalisation	15.35	14.83
Less: SLC	1.00	1.00
Net Capitalisation	**14.35**	**13.83**

The Commission has considered the closing GFA for FY 2021-22 of Rs. 17.90 Crore as approved in this Order and the net addition of assets of Rs. 3.86 Crore in FY 2022-

23 as per revised submission by the Petitioner for working out the closing balance of GFA for FY 2022-23. Accordingly, the closing balance of GFA for FY 2022-23 thus worked out, has been considered as opening balance of GFA for FY 2023-24. The asset capitalisation approved for FY 2023-24 have been discussed earlier in this Section. The Capitalization for FY 2023-24 is envisaged to be partly funded from additional consumer contribution and the balance has been considered as funded through Debt: Equity in the ratio of 70:30.

Accordingly, the capitalisation and funding approved by the Commission for FY 2023-24 are given in the Table below:

Table 4-22: Capitalization and its funding approved for FY 2023-24

(Rs. Crore)

Particulars	FY 2022-23			FY 2023-24	
	Approved in Tariff order	GIFT PCL Petition	Revised Estimates	GIFT PCL Petition	Approved in this Order
Opening GFA	**24.23**	**111.96**	**17.90**	**115.82**	**21.76**
Opening CWIP	28.70	33.15	33.15	29.59	29.59
Capital expenditure during the year	1.50	1.94	1.94	9.97	9.97
Capitalization	7.00	5.50	5.50	15.35	14.83
Less: SLC Addition	9.30	1.64	1.64	1.00	1.00
Balance Capitalization during the year	-	3.86	3.86	14.35	13.83
Closing GFA	**24.23**	**115.82**	**21.76**	**130.17**	**35.59**
Closing CWIP	23.20	29.59	29.59	24.21	24.73
Capitalisation (net of SLC) during the FY 2023-24		**3.86**	**3.86**	**14.35**	**13.83**
Normative Debt (70%)	**-**	**2.70**	**2.70**	**10.05**	**9.68**
Normative Equity (30%)	**-**	**1.16**	**1.16**	**4.31**	**4.15**

4.9 Depreciation

Petitioner's submission

GIFT PCL has considered the depreciation on the basis of gross fixed asset at the starting of financial year and additional capitalization proposed to be capitalized during the year as proposed under capex roll-out plan. On this basis, the average of opening and closing value of asset has been calculated. Depreciation for FY 2023-24 has been calculated based on average asset value and depreciation rate as given in the GERC (MYT) Regulations, 2016.

Table 4-23: Depreciation projected for FY 2023-24

(Rs. Crore)

Particulars	Plant and Machinery	Civil works	Furniture	Software	Total
Opening GFA	104.66	10.88	0.28	0.00	115.82
Capitalization During the Year	14.80	0.00	0.00	0.55	15.35
Less: Additional Consumer contribution	1.00	0.00	0.00	0.00	1.00
Net Capitalization	13.80	0.00	0.00	0.55	14.35
Closing Balance of GFA	118.46	10.88	0.28	0.55	130.17
Average GFA	111.56	10.88	0.28	0.28	123.00
Depreciation rate (%)	5.28%	3.34%	6.33%	30.00%	
Depreciation claimed	**5.89**	**0.36**	**0.02**	**0.08**	**6.35**

GIFT PCL has submitted that the computation of depreciation on the fixed assets is based on straight line method as prescribed in the Regulations. The Depreciation rates considered are as per the GERC (MYT) Regulations, 2016.

Commission's view

The Commission has considered the approved capitalisation for calculation of depreciation and the opening GFA for the FY 2023-24 has been considered same as that approved in Table 4-22 of this Order. The Commission has noted that average depreciation rate for FY 2021-22 is 5.09%. The Commission has observed that GIFT PCL has worked out average depreciation rate of 5.17% for FY 2023-24 by applying the GERC depreciation rates which seems reasonable. Accordingly, the Commission has computed the depreciation for FY 2023-24 on average GFA for the year.

Accordingly, the Commission approves Depreciation of Rs. 1.48 Crore for FY 2023-24 as shown below:

Table 4-24: Revised Depreciation estimates for FY 2022-23

(Rs. Crore)

Particulars	GIFT PCL Petition	Revised Estimates
Opening GFA	111.96	17.90
Addition (net of SLC)	3.86	3.86
Closing GFA	115.82	21.76
Average GFA	113.89	19.83
Depreciation	**5.81**	**1.01**

Table 4-25: Depreciation approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Opening GFA	115.82	21.76
Addition (net of SLC)	14.35	13.83
Closing GFA	130.17	35.59

Particulars	GIFT PCL Petition	Approved in this Order
Average GFA	123.00	28.67
Depreciation	**6.35**	**1.48**

4.10 Interest and Finance Charges

Petitioner's submission

GIFT PCL submitted that it has calculated the Interest Expenses on the basis of the actual loan portfolio at the beginning of the year applicable to Distribution Licensee as per GERC (MYT) Regulations, 2016. Accordingly, interest rate of 7.00% based on interest rate of the existing loan as on date has been considered.

GIFT has considered the debt-equity in 70:30 ratio as indicated in the GERC (MYT) Regulations, 2016 after exclusion of projected Consumer Contribution, which would be received from the consumers.

GIFT has submitted the following details in respect of Interest and Finance Charges.

Table 4-26: Interest and Finance Charges projected for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition
Opening Loan	46.05
Addition of Loan due to Capitalisation during the Year	10.04
Less: Repayment	6.35
Closing Loan	49.74
Average Loan	47.89
Rate of Interest (%)	7.00%
Interest Expenses	**3.35**

Commission's view

The Commission has considered the closing balance of Normative Loan of Rs. 4.41 Crore for FY 2021-22 as approved in this Order and the addition of Normative Loan of Rs. 2.70 Crore and repayment of Normative Loan of Rs. 1.01 Crore for FY 2022-23 as per revised net capitalisation during FY 2022-23 to work out the closing balance of loans for FY 2022-23. Accordingly, the closing balance of Normative Loan for FY 2022-23 thus worked out, has been considered as opening balance of Normative Loan for FY 2023-24. The loan addition and repayment equivalent to depreciation as approved for FY 2023-24 have been considered.

On Commission's query regarding the computation of weighted average rate of interest considered for computation of interest on loan for FY 2023-24, the Petitioner has submitted that it has sourced loan from GSFS at present, and it is considered that interest rate of 7.00% will be continued for FY 2023-24 but, as and when GSFS revises the interest rate for GOG entities, the same shall be applicable for the Petitioner.

As regards to the weighted average rate of interest, GIFT PCL shall pay the interest amount to the bank at weighted average interest rate of 7.00% and based on the same interest rate of the existing loan has been considered for FY 2023-24.

Accordingly, the Commission approves the Interest and Finance Charges of Rs. 0.73 Crore for FY 2023-24 as shown in the Table below:

Table 4-27: Interest and Finance Charges approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Opening Loan	46.05	6.10
Addition of Loan due to Capitalisation during the Year	10.04	9.68
Less: Repayment	6.35	1.48
Closing Loan	49.74	14.30
Average Loan	47.89	10.20
Rate of Interest (%)	7.00%	7.00%
Interest Expenses	**3.35**	**0.71**

4.11 Interest on Security Deposit

Petitioner's submission

GIFT PCL has submitted that the consumer whose amount of security deposit exceeds Rs. 25 Lakhs, at his option, can furnish the security deposit in the form of irrevocable bank guarantee initially valid for period of 2 years as per the GERC (Security Deposit) (Second Amendment) Regulations, 2015.

GIFT PCL has computed the Interest Expenses on proposed security deposit for FY 2023-24 as 0.44 Crore considering the trend of consumer deposit of past years as tabulated below:

Table 4-28: Interest on Security Deposit projected for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition
Amount held as Security Deposit	7.74
Interest Rate (%)	5.63%
Interest on Security Deposit	**0.44**

Commission's view

The Commission has accepted the average amount of consumer security deposits as projected by the Petitioner for FY 2023-24. The Commission has considered the RBI Bank Rate @ 4.25% per annum in line with the provisions of the GERC (MYT) Regulations, 2016 instead of 5.63% as considered by GIFT PCL.

Accordingly, the Commission approves the Interest on Security Deposit of Rs. 0.33 Crore for FY 2023-24 as shown in the Table below:

Table 4-29: Interest on Security Deposit approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this
Average Security Deposit	7.74	7.74
Rate of Interest	5.63%	4.25%
Interest on Security Deposit	0.44	0.33

4.12 Interest on Working Capital

Petitioner's submission

GIFT has submitted that the interest on working capital has been worked out as per the GERC (MYT) Regulations, 2016. The following have been considered for determining bases for working capital in a year.

- Operation & Maintenance Expenses for one month, plus maintenance spare @ 1 % of GFA, plus receivables equivalent to one month of the expected revenue, minus
- Amount, if any, held as security deposits against bill payment

The Interest on Working Capital is arrived at as per the provisions of the GERC (MYT) Regulations, 2016, as shown in the Table below:

Table 4-30: Interest on Working projected for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition
O&M Expenses for 1 month	0.45
1 % of GFA for Maintenance Spares	1.26
Receivables for 1 month	3.70
Working Capital Requirement	**5.40**
Less: Average Security Deposit	**7.74**
Normative Working Capital	**-**
Interest Rate (%)	-
Interest on Working Capital	**-**

As per the GERC (MYT) Regulations, 2016 the working capital computed is Rs. 5.40 Crore and the amount of consumer security deposits is Rs. 7.74 Crore and thereby the working capital requirement works out to be Nil for FY 2023-24.

The interest on working capital has been worked out as per the Regulations 40.4 and 40.5 of the GERC (MYT) Regulations, 2016 and it works out to Nil.

Commission's view

The Commission has recomputed the components of working capital, in line with the methodology as specified in the GERC (MYT) Regulations, 2016 using the component as approved in preceding sections of this Order.

The rate of interest on working capital has been considered as 9.50% considering SBI MCLR as on 1st April, 2022 (7.00 % plus 250 basis points) as per the GERC (MYT) Regulations, 2016. The interest on working capital has been computed as per the provisions of the GERC (MYT) Regulations, 2016.

The normative interest on working capital approved by the Commission for FY 2023-24 is shown in the Table below:

Table 4-31: Interest on Working Capital approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
O&M Expenses for 1 month	0.45	0.31
1 % of GFA for Maintenance Spares	1.26	0.22
Receivables for 1 month	3.70	3.70
Working Capital Requirement	**5.40**	**4.22**
Less: Average Security Deposit	7.74	7.74
Normative Working Capital	**-**	**-**
Interest Rate (%)	-	9.50%
Interest on Working Capital	**-**	**-**

As it can be observed from the above Table, the normative working capital requirement for FY 2023-24 works out to be Nil considering the security deposit projected to be held, and accordingly, no interest on working capital has been allowed by the Commission.

4.13 Return on Equity

Petitioner's submission

GIFT PCL has submitted that it has projected paid up equity capital with 70:30 debt: equity ratio on the asset put to use as per the GERC (MYT) Regulations, 2016.

GIFT PCL has considered a regulated return of 14.00% as per the GERC (MYT) Regulations, 2016:

Table 4-32: Return on Equity projected for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition
Opening Equity	34.75
Equity portion of Capitalization during the Year	4.30
Closing Balance of Equity	39.05
Average Equity	36.90
RoE at 14.00%	14.00%
Return on Equity	5.17

Commission's view

The Commission has considered the closing balance of Equity of Rs. 3.97 Crore for FY 2021-22 as approved in this Order and the addition of Equity of Rs. 1.16 Crore for FY 2022-23 as per adjustment in capitalisation for working out the closing equity for FY 2022-23. Accordingly, the closing balance of Equity for FY 2022-23 thus worked out, has been considered as opening balance of Normative Loan for FY 2023-24. The equity addition for FY 2023-24 has been considered as approved at Table 4-22 of this Order. The rate of return is considered 14.00% as per the GERC (MYT) Regulations, 2016, to work out the Return on Equity as shown in the Table below:

Table 4-33: Return on Equity approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Opening Equity	34.75	5.13
Equity portion of Capitalization during the Year	4.30	4.15
Closing Balance of Equity	39.05	9.28
Average Equity	**36.90**	**7.20**
RoE at 14%	14.00%	14.00%
Return on Equity	**5.17**	**1.01**

4.14 Income Tax

Petitioner's submission

GIFT PCL has submitted that it has considered no income tax for FY 2023-24 as seen from the Table below:

Table 4-34: Income tax projected for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition
Income tax	0.00

Commission's view

For FY 2023-24, no Income Tax liability has been considered at present, and the same shall be Trued-up based on the actual Income Tax paid by the Petitioner.

4.15 Contingency Reserve

Petitioner's submission

GIFT PCL has submitted that it has contributed to the contingency reserve at 0.5% of the original cost of fixed assets at the beginning of the year. The amount of contingency reserve claimed by the Petitioner is Rs. 0.63 Crore for FY 2023-24.

Commission's view

The Commission has computed the contribution to the contingency reserves in accordance with Regulation 86.3 of the GERC (MYT) Regulations, 2016. The Commission has considered 0.5% of the original cost of fixed assets at the beginning of the FY 2023-24 as approved at Table 4-22 of this Order for the computation of contribution to the contingency reserves:

Table 4-35: Contribution to Contingency Reserve approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Contribution to Contingency Reserve	0.63	0.11

4.16 Non-tariff income

Petitioner's submission

GIFT PCL has submitted that it has projected amount of Non-tariff income considering the interest income from bank deposits, registration fee etc in accordance with the GERC (MYT) Regulations, 2016.

GIFT PCL has proposed non-tariff income as Rs. 1.08 Crore for FY 2023-24. The estimation is based on 5% annual growth considered on FY 2021-22 actual non-tariff income. The Non-tariff income for FY 2023-24 is as under.

Table 4-36: Non-tariff Income projected for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition
Non-tariff Income	1.08

Commission's view

The Commission accepts the Petitioner's contention and approves the Non-tariff Income for FY 2023-24, as shown in the Table below:

Table 4-37: Non-tariff Income approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Non-tariff Income	1.08	1.08

4.17 ARR for FY 2023-24

Petitioner's submission

GIFT PCL has submitted the projected ARR for FY 2023-24 based on the element wise submission as given in the Table below:

Table 4-38: ARR claimed for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition
Power Purchase Expenses	31.79
Operation & Maintenance Expenses	5.39
Depreciation	6.35
Interest & Finance Charges	3.35
Interest on Security Deposit	0.44
Interest on Working Capital	-
Contribution to contingency reserves	0.63
Bad Debts written off	-
Total Revenue Expenditure	**47.95**
Return on Equity Capital	5.17
Income Tax	-
Aggregate Revenue Requirement	**53.12**
Less: Non-Tariff Income	1.08
Less: Income from Other Business	-
Net Aggregate Revenue Requirement	**52.05**

GIFT PCL has requested the Commission to consider ARR mentioned above for determination of tariff for FY 2023-24.

Commission's view

Considering the foregoing analysis, the Commission approves the ARR for FY 2023-24 as shown below:

Table 4-39: ARR approved for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
Power Purchase Expenses	31.79	31.37
Operation & Maintenance Expenses	5.39	3.71
Depreciation	6.35	1.48
Interest & Finance Charges	3.35	0.71
Interest on Security Deposit	0.44	0.33
Interest on Working Capital	-	-
Contribution to contingency reserves	0.63	0.11
Bad Debts written off	-	-
Total Revenue Expenditure	**47.96**	**37.71**
Return on Equity Capital	5.17	1.01
Income Tax	-	-
Aggregate Revenue Requirement	**53.12**	**38.72**
Less: Non-Tariff Income	1.08	1.08
Less: Income from Other Business	-	-
Net Aggregate Revenue Requirement	**52.05**	**37.64**

5. Determination of Tariff for FY 2023-24

5.1 Introduction

This Chapter deals with the determination of Revenue Gap/(Surplus), as well as Consumer/Retail tariff for FY 2023-24.

The Commission has considered the ARR for FY 2023-24 approved in the previous Chapter and the adjustment on account of True-up for FY 2021-22, while determining the Revenue Gap/(Surplus) for FY 2023-24.

5.2 Net Revenue at Existing Tariff and Gap/ (Surplus) Analysis

Petitioner's submission

GIFT PCL has estimated the revenue from sale of energy as Rs. 44.34 Crore for FY 2023-24. The Petitioner has estimated that the Aggregate Revenue Requirement for FY 2023-24 as Rs. 52.05 Crore as projected in the earlier chapter. The estimated Revenue Requirement is higher in comparison to the available revenue from sale of energy at existing tariff due to the following reasons:

- The Petitioner is a distribution licensee is setup in the green field where there was no existence of previous infrastructure for supply of electricity as well as there were no consumers.
- The Cost incurred by the Petitioner for creation of necessary infrastructure to provide the supply to the consumers is to attain highest reliability.
- The characteristic of energy utilization by the consumers of Petitioner is quite in variance as compared to the consumers of different distribution licensee area in the state as the major number of consumers in the license area are either commercial or service providers and their requirement of energy is different and distinct in comparison to the consumers of other licensee area. The Petitioner has to keep the power procurement at highest demand level i.e. peak demand with corresponding losses of the system to supply power, requirement to meet such highest demand of the consumer at any time. Because the consumers are of high-profile i.e., International Exchanges and Institutions it is necessary for the Petitioner to provide reliable and quality power supply without any intervention.
- The Demand Growth is increasing rapidly, and the Revenue Gap is reducing drastically compared to previous years. Also, it is expected that the Petitioner will attain break-even within next 1 to 2 years.

- Also, the Government of Gujarat has increased the area of GIFT Urban Development Authority (GIFT UDA) which in turn will lead to licensee area expansion of the Petitioner in FY 2023-24. Hence, Petitioner has more potential of business expansion.

Thus, the anticipated gap between the proposed ARR and proposed tariff is Rs. 7.71 Crore for FY 2023-24, which may be reduced or meet out in future through various efforts of the Petitioner. The projected revenue gap for FY 2023-24 is mentioned in the Table below:

Table 5-1: Revenue gap / (Surplus) with existing tariff for FY 2023-24

(Rs. Crore)

Sr. No.	Particulars	GIFT PCL Petition
1	ARR for FY 2023-24 [a]	52.05
2	Revenue from Existing tariff for FY 2023-24 [b]	44.34
3	Revenue Gap / (Surplus) in FY 2023-24 [c=(a-b)]	**7.71**

Commission's view

The Commission has considered the ARR approved for FY 2023-24 as discussed in previous chapter. The Commission observed that GIFT PCL has considered a FPPPA charge of Rs. 2.60/kWh for computing the Revenue from Sales for FY 2023-24. The Commission has however considered the base FPPPA charge of Rs. 2.60 / kWh for the computation of revenue from sale of energy.

Regulation 21.6 (c) of the GERC MYT Regulations, 2016 specifies that the carrying cost is computed on simple interest basis using the weighted average SBI MCLR for the relevant year. The Commission follows the concept of simple interest without carrying the interest amount forward to the carrying cost calculations of subsequent financial years.

Accordingly, the Commission computed the revenue (Gap)/Surplus for FY 2023-24 as given in the table below:

Table 5-2: Approved Consolidated Revenue Gap / (Surplus) for FY 2023-24

(Rs. Crore)

Particulars	GIFT PCL Petition	Approved in this Order
ARR for FY 2023-24	**52.04**	**37.64**
Revenue from Existing Tariff for FY 2023-24	44.34	44.34
Revenue Gap / (Surplus) in FY 2023-24	**7.71**	**(6.70)**

Particulars	GIFT PCL Petition	Approved in this Order
Add: Consolidated Revenue Gap/ (Surplus) for FY 2021-22	10.63	(1.45)
Add: Carrying cost on consolidated gap/(surplus) of FY 2021-22 for FY 2021-22 & FY 2023-24	-	(0.20)
Revenue Gap / (Surplus) for FY 2023-24	**18.34**	**(8.35)**

As can be seen from the Table above, there is a revenue surplus of Rs. 8.35 Crore considering the estimated revenue at existing tariff as against the approved ARR for FY 2023-24, the approved revenue surplus for FY 2021-22 and the approved carrying cost on the revenue surplus for FY 2021-22.

6. Additional Submission

6.1 Power Generation Business (Regulated):

Petitioner's submission

It is observed that Petitioner has prayed to approve the Solar Generation Business as 'Generation Business of the Petitioner'. The Petitioner has submitted that it has planned to set up 4.95 MW Solar Plant at its own land in a phased manner for which the Commission vide judgment dated 21st October, 2022 in Case No. 2142/2022 had provided 'In-principal approval of power procurement by setting up own Solar Plant on Capital Expenditure Model'. The reference of Hon'ble Commission's Judgement on Petition 2142/2022 is furnished below:

> *"5.25. Thus, Sections 62 and 63 of the Electricity Act, 2003 are alternative to each other with regard to tariff determination of the licensee/generator company. The Electricity Act, 2003 also emphasis that the power procurement be carried out by the licensee at the cheaper and competitive rate. The Petitioner has submitted that the procurement of the power from its generating station is cheaper than the power procurement carried out by it through alternative route of competitive bidding. Hence, we are of view that the same may be permitted.*
>
> *5.26. Accordingly, with regard to 'In-principle' approval sought by the Petitioner submitting that the Petitioner will undertake transparent tendering process through competitive e-bidding through on-line bidding portal, we allow the same. We also direct the Petitioner to follow Competitive Bidding Process while carrying out EPC works, allocation of contracts etc. in transparent manner.*
>
> *5.27. Insofar as the prayer of the Petitioner that the Commission may determine and approve the mechanism of applicable tariff determination for purchase of electricity from Own / Embedded Generation as per provisions of the MYT Regulations in Annual Tariff Petition of the Petitioner is concerned, we note that the Petitioner has approached this Commission for 'In-principle' approval and to allow the Petitioner to set-up its own Solar Power Plant of 4.95 MW capacity in a phased manner on capital expenditure at GIFT's land in vicinity of its license area for which the Petitioner has undertaken to follow competitive e-bidding through on-line bidding portal. Hence, it is premature to decide the*

aforesaid prayer at this stage. Accordingly, we decide that it is not necessary to decide the same at present. We clarify that on achieving SCOD of the plant, the Petitioner shall approach the Commission for determination of tariff of its Solar generating project."

Accordingly, the Petitioner has floated the Solar Tender for EPC Works and by following National Competitive Bidding through e-tendering process. The Petitioner has further submitted that as per the Commission's Judgement in Petition No. 2142/2022, the Petitioner is installing first phase of 2.5 MW Solar Power Plant at its own land, and it will treat it as a 'Generation Business' of Petitioner. Hence, the capital expenditure is not considered in Capitalization. However, the transfer price from Generation Business to Retail Supply Business will be determined by the Commission as per GERC MYT Regulations, 2016.

Commission's view

It is stated that as per the provisions of MYT Regulations-2016 read with the Section 7 read with Section 14 of the Electricity Act, 2003, a Distribution Licensee can set-up an Own Generating Station and the Power Generation Tariff through cost of own power generation will be derived by the Commission as per the separate allocation statement of Generation Business maintained by the Distribution Licensees.

Further, it is observed that the Commission vide order dated 21st October, 2022 had provided 'In-principle' approval to allow the Petitioner to set-up its own Solar Power Plant of 4.95 MW capacity. The Commission in the same order also decided that the Commission may determine and approve the mechanism of applicable tariff determination for purchase of electricity from Own / Embedded Generation as per provisions of the MYT Regulations in Annual Tariff Petition of the Petitioner. Further, in case the Petitioner wants to segregate the Generation Business from Distribution Business and procure power from its own generating station, it will have to ensure that any power procurement from outside distribution licensee business, including its own generation business should be cost competitive and prior approval of the Commission is obtained.. Further, as already stated in an earlier section, any other business of the Petitioner shall be subject to the provisions of Section 51 of the Electricity Act, Regulation 90 of the GERC MYT Regulations, 2016 and any other Statute, Regulations, Order, as may be applicable from time to time. Subject to the above observation, the request of the Petitioner is provisionally allowed.

6.2 Observation of Error Apparent In GIFT PCL Tariff Order dated 31/03/2022 In Case No. 2037/2021

Petitioner's submission

The Petitioner has submitted that the Commission in Tariff Order for Truing-up of FY 2020-21 and Determination of ARR & Tariff for FY 2022-23 on 31st March, 2022 in Case No. 2037/2021 had considered Waived off Charges for LTMD/NRGP/HT Consumers as per Relief Measures announced by GoG due to Covid-19 outbreak of Rs. 68,568/- as Rs. 68 Lakhs and approved the Revenue while Truing-up. Accordingly, the Commission has approved the Revenue of Rs. 16.12 Crores instead of Rs. 15.44 Crores. The Petitioner has requested the Commission to consider the correction of FY 2020-21 Revenue.

Commission's view

It is observed that there has been an inadvertent error apparent on the face of the order dated 31st March, 2022 in Case No. 2037/2021, wherein the Commission had considered the Waived off Charges of Rs. 68,568/- as Rs. 68 Lakhs. The Commission is of the view that, since the net gap/surplus of FY 2020-21 was allowed to be recovered in FY 2022-23, the submission of the Petitioner shall be considered in the True up of the FY 2022-23 with carrying cost. Therefore, the Commission directs the Petitioner to claim the differential amount of Rs. 0.68 lakhs separately in the True up of FY 2022-23 and same shall be allowed along with the True up of FY 2022-23.

7. Compliance of Directives

7.1 Earlier Directives

Directive 1: Green Tariff

The Petitioner in compliance to earlier directive w.r.t Green Tariff was directed to Petitioner to list all the consumers willing to adopt Green Tariff.

Compliance

The Consumers who are willing to adopt Green Tariff in Petitioner's licensee area are TCS, HSBC, Bank of America, PWC and STT Data Centre.

As of now, Petitioner doesn't have any tied up PPAs of renewable energy, it is evident that Petitioner will have to procure the renewable energy through G-DAM Segment in Power Exchanges until the commissioning of proposed 2.50 MW Ground Mount Solar Plant.

In view of the above backdrop, Petitioner has formulated the methodology by computing the difference between prices discovered in Green DAM segment and Conventional DAM segment and the same is furnished below:

Sr. No.	Particulars	Green DAM (Rs/Unit)	Conventional DAM (Rs/Unit)
1	Average Price Discovered in IEX from April'2022 to November 2022 months	6.65	5.99
2	Applicable Charges (Rs/Unit)	0.91	0.91
3	Impact of Losses (Rs/Unit)	0.56	0.51
4	Landed Cost at GIFTPCL Periphery	8.12	7.41
5	Difference b/w G-DAM and DAM Power	**0.71**	

Accordingly, the Petitioner proposes **Rs. 0.71/Unit as Green Power Tariff** for FY 2023-24 and requests Hon'ble Commission to kindly approve the same.

Commission's Comments: The response of the DISCOMs is noted. The Commission has also dealt with the issue in the Tariff Philosophy Chapter.

7.2 Fresh Directives

Directive 1: Proposal Regulatory Surcharge

It was directed to the Petitioner to submit road map and mechanism for recovery of Regulatory gap, if any, in the next tariff petition.

Compliance:

The Petitioner has not formulated any roadmap and mechanism for recovery of Regulatory Gap. However, the Petitioner has submitted that the Commission may introduce any specific regulatory surcharge as deemed fit to recover the gap.

Commission's Comments

The Commission has noted the submission of the Petitioner. Further, it is observed that the Petitioner has not claimed any Regulatory surcharge.

8. Fuel and Power Purchase Price Adjustment (FPPPA)

8.1 Fuel and Power Purchase Price Adjustment

The Commission, vide its Order in Case No. 1309/2013 and 1313/2013 dated 29th October, 2013, has revised the formula for Fuel and Power Purchase Price Adjustment (FPPPA) as mentioned below:

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

Where,

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

8.2 FPPPA to be charged by GIFT PCL

GIFT PCL submitted that the existing FPPPA being charged to its consumers is the FPPPA imposed by UGVCL on its consumers. GIFT PCL has requested the Commission to allow it to charge the FPPPA approved for UGVCL from time to time to its consumers.

The FPPPA approved by the Commission for UGVCL from time to time during FY 2023-24, shall also be applicable for GIFT PCL.

The information regarding FPPPA recovery and the FPPPA charges shall be kept on the website of GIFT PCL.

9. Wheeling Charges and Cross Subsidy Surcharge

9.1 Wheeling Charges

Regulation 91 of the GERC (MYT) Regulations, 2016 stipulates that the Commission shall specify the Wheeling Charges for distribution wires business of the distribution licensee in its ARR and Tariff Order. Accordingly, the Commission has examined the submission of the GIFT PCL in this regard and accordingly, determined the Wheeling Charges at HT and LT levels, for long term (LT), medium term (MT) and short term (ST) Open Access consumers.

Petitioner's submission

The Petitioner has allocated the total ARR to wire and retail supply business based on the allocation matrix specified by the Commission for segregation of Expenses between Distribution Wires Business & Retail Supply Business, as given in Regulations 87 of the GERC (Multi-Year Tariff) Regulations, 2016. The allocation of ARR into wheeling and retail supply of electricity for FY 2023-24 is given as below:

Table 9.1: Allocation of ARR between Wheeling and Retail Supply as proposed by the Petitioner for FY 2023-24

(Rs. Crore)

Particulars	Wire Business	Retail Supply Business	Total
Power Purchase Expenses	0.00	31.79	31.79
Employee Expenses	1.17	0.78	1.95
Repairs & Maintenance Expenses	1.24	0.14	1.37
Administrative & General Expenses	1.04	1.04	2.07
Depreciation	5.72	0.64	6.35
Interest on long term Loans Capital	3.02	0.34	3.35
Interest on WC and Security Deposit	0.04	0.39	0.44
Bad Debts Written off	0.00	0.00	0.00
Income Tax	0.00	0.00	0.00
Contribution to Contingency Reserve	0.63	0.00	0.63
Return on Equity	4.65	0.52	5.17
Less: Non-Tariff Income	0.11	0.97	1.08
Total	**17.39**	**34.65**	**52.05**

The above segregated ARR has been considered to determine the wheeling charges.

Commission's View

The Commission, in order to compute the Wheeling Charges and the Cross-Subsidy Surcharge, has considered the Allocation Matrix between the Wheeling and Retail Supply Business in accordance with the GERC (MYT) Regulations, 2016.

Based on the ARR approved by the Commission and the Allocation Matrix specified in the GERC (MYT) Regulations, 2016, the ARR approved for Wires and Retail Supply Business for FY 2023-24 is shown in the Table below:

Table 9.2: Allocation of ARR between Wheeling and Retail Supply as approved for GIFTPCL for FY 2023-24

Particulars	Wire Business (%)	Retail Supply Business (%)	Wire Business Cost (Rs. Crore)	Retail Supply Cost (Rs. Crore)	Total Amount (Rs. Crore)
Power Purchase Expenses	0%	100%	-	31.37	31.37
Intra-State Transmission Charges	0%	100%	-	-	-
Employee Expenses	60%	40%	0.81	0.54	1.34
A&G Expenses	50%	50%	0.47	0.47	0.94
R&M Expenses	90%	10%	1.28	0.14	1.42
Depreciation	90%	10%	1.33	0.15	1.48
Interest & Finance Charges	90%	10%	0.64	0.07	0.71
Interest on Security Deposit	10%	90%	0.03	0.30	0.33
Interest on Working Capital	10%	90%	-	-	-
Contribution to contingency reserves	100%	0%	0.11	-	0.11
Bad Debts written off	0%	100%	-	-	-
Total Revenue Expenditure			**4.68**	**33.03**	**37.71**
Return on Equity Capital	90%	10%	0.91	0.10	1.01
Income Tax	90%	10%	-	-	-
Aggregate Revenue Requirement			**5.58**	**33.14**	**38.72**
Non-Tariff Income	10%	90%	0.11	0.97	1.08
Net Aggregate Revenue Requirement			**5.48**	**32.17**	**37.64**

The above allocation of ARR is used for determination of wheeling charges for FY 2023-24.

9.2 Determination of Wheeling Charges

Petitioner's submission

The Petitioner has computed the voltage wise wheeling charges based on the allocation of ARR of distribution wire business, in accordance with the GERC (Multi Year Tariff) Regulations, 2016.

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

Based on the approach discussed above, the ARR for the wheeling business is apportioned to the HT and LT voltage in two steps as described below:

a) Apportioning the ARR of wheeling business to HT and LT voltage level;
b) Apportioning the ARR of the HT voltage level again between HT & LT voltage level

The Petitioner has divided the GFA in the ratio of 94.50%:5.50% among HT level and LT Voltage level to arrive voltage level wise Wheeling Charges. Further, as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak demand.

The system peak demand for the Petitioner's Supply Area has been considered in the ratio of 58%:42% as per average peak demand contributed by HT and LT consumers.

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

Table 9.3: Wheeling Charges proposed by GIFT PCL for FY 2023-24

Particular	Wheeling Charge
First Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	16.44
LT Voltage Level	0.96
Total ARR	17.39
Second Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	9.53
LT Voltage Level	7.86
Total ARR	17.39
Wheeling Charges in (Rs/kWh)	
HT Voltage Level	2.30
LT Voltage Level	5.88

The Petitioner has proposed 3.00% wheeling Losses in addition to the wheeling charges as mentioned in above Table.

Commission's view

The Commission, in Order to compute the wheeling charges and cross subsidy surcharges, has considered the allocation matrix between the wires and retail supply business as per the GERC (MYT) Regulations, 2016 as stated in Table 9.2 above.

For the calculation of wheeling charges, the ARR for wheeling business is apportioned in the ratio of actual HT assets to LT assets which is 94.5%:5.5%, as submitted by the Petitioner.

The contribution of HT and LT categories to the system peak demand as submitted by the Petitioner is 58% and 42%, respectively. These ratios are considered for further segregation of ARR based on system peak demand.

To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the wheeling charge is determined as shown below:

Table 9.4: Wheeling Charges as approved for GIFT PCL for FY 2021-22

Particular	Wheeling Charge
First Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	5.17
LT Voltage Level	0.30
Total ARR	**5.48**
Second Level Segregation of ARR (Rs. in Crore)	
HT Voltage Level	3.00
LT Voltage Level	2.47
Total ARR	**5.48**
Wheeling Charges in (Rs/kWh)	
HT Voltage Level	0.72
LT Voltage Level	1.85

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

The Open Access consumer will also have to bear the **wheeling Losses at 3.00%** in addition to the wheeling charges.

9.3 Cross Subsidy Surcharge

Petitioner's submission

The Petitioner has submitted cross subsidy surcharge as per the following formula:

S = T- [C / (1 - L/100) + D + R]

Where:
S is the Cross Subsidy Surcharge

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

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

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

D is the wheeling charges applicable to relevant category

R is the per unit cost of carrying regulatory assets.

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

Table 9.5: Cross Subsidy Surcharge as proposed by GIFT PCL for FY 2023-24

Particulars	Claimed
T- Tariff for HT category (Rs/kWh)	7.05
C - Wt. Avg. Power Purchase Cost (Rs/kWh)	5.61
D - Wheeling Charges (Rs / kWh)	2.30
L - Aggregate T&D Loss (%)	3.00%
R - Per unit cost of carrying regulatory assets (Rs/kWh)	0
S - Cross Subsidy Surcharge (Rs/kWh)	**Negative**

Therefore, the Petitioner has not proposed any cross subsidy surcharge, as the same is negative.

Commission's view

Hon'ble APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central

Government has issued the National Tariff Policy, 2016. According to this policy the formula for Cross Subsidy Surcharge is as under:

S = T – [C / (1 - L/100) + D + R]

Where,

S is the surcharge

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

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

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

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

R is the per unit cost of carrying regulatory assets.

It is observed that the Petitioner has considered Tariff for HT consumer as 7.05/kWh in the tariff petition. but has not provided any justification or linkage with the Revenue computation sheet. However, as discussed earlier the Commission has independently computed the revenue for HT Consumers which works out to be Rs. 7.75/kWh. The cross subsidy surcharge based on the above formula is worked out as shown in the Table below:

Table 9.6: Cross Subsidy Surcharge as approved for GIFT PCL for FY 2023-24

Particulars	Approved
T- Tariff for HT category (Rs/kWh)	7.75
C - Wt. Avg. Power Purchase Cost (Rs/kWh)	5.53
D - Wheeling Charges (Rs/kWh)	0.72
L - Aggregate T&D Loss (%)	3.00%
R - Per unit cost of carrying regulatory assets (Rs/kWh)	-
S - Cross Subsidy Surcharge (Rs/kWh)	**1.33**

S = T – [C / (1 - L/100) + D + R]

S = 7.75 – [5.53 / (1 – 3.00/100) + 0.72 + 0.00]

= 1.33 Rs/kWh

However, Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking Open Access. Accordingly, the leviable CSS from the consumers of the GIFT PCL seeking Open Access, for FY 2023-24 works out to Rs.1.55/kWh.

Accordingly, CSS for HT Category = Rs. 1.33 /kWh for FY 2023-24.

10. Tariff Philosophy and Tariff Proposal

10.1 Overall Approach

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and the GERC (MYT) Regulations, 2016 notified by the Commission.

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

This Chapter discusses GIFTPCL's Tariff proposal and details the Commission's final decision on the same.

10.2 Tariff Rationalisation

The Commission in the Tariff Order dated 1st April, 2021 had directed the Petitioner to analyse and prepare report on introduction of Green Tariff for the consumers in the State of Gujarat who are willing to procure such power. In response, the Petitioner in its petition for Truing up of FY 2020-21 and ARR and Determination for Tariff for FY 2022-23 had submitted that the commercial and Industrial consumers have been going green and adopting more sustainable strategies so as to project themselves as environmentally conscious, have been contributing significantly to the state's green power deployments. In this context, some of the Corporate Consumers have approached GIFT PCL for meeting their 100 per cent power requirements through Green Energy with issuance of Green Energy Certificate from GIFT PCL.

Approach suggested by DISCOM

GIFT PCL proposed the methodology by computing the difference between prices discovered in Green DAM segment and Conventional DAM segment. GIFT PCL proposed to levy only 50% of charge determined in difference between GDAM and DAM power procurement i.e. Rs. 0.77/kWh as Green Power Tariff to the consumers opting for meeting its 100% power requirement through Renewable Energy sources. In view of the above backdrop, Petitioner has formulated the methodology by computing the difference between prices discovered in Green DAM segment and Conventional DAM segment and the same is furnished below:

Sr. No.	Particulars	Green DAM (Rs/Unit)	Conventional DAM (Rs/Unit)
1	Average Price Discovered in IEX from April'2022 to November 2022 months	6.65	5.99
2	Applicable Charges (Rs/Unit)	0.91	0.91
3	Impact of Losses (Rs/Unit)	0.56	0.51
4	Landed Cost at GIFT PCL Periphery	8.12	7.41
5	Difference b/w G-DAM and DAM Power	**0.71**	

Commission's view

Considering the present scenario, the Commission is of the view to introduce Green Power Tariff which is optional and available for Consumers who want to avail green power for meeting their requirement by payment of Green Power Tariff over and above the normal tariff applicable to the respective category as per Tariff Order.

It is noted that the difference between cost of supply at State level for delivery of green energy to consumer doorstep i.e. procurement charges plus open access charges including stand-by charges and tariff realization for the HT categories of the consumer is approximately Rs. 1.50 per kWh.

- Green Power Tariff of Rs 1.50/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.
- All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
- This option can be exercised by consumer giving billing cycle notice to the Distribution Licensee in writing before commencement of billing period.

10.3 GIFT PCL's Tariff Proposal for FY 2023-24

The Petitioner is proposing that the Tariff schedule for the different categories of consumers may be as per the existing Tariff Schedules of Uttar Gujarat Vij Company Ltd (UGVCL). The Petitioner was allowed to follow the UGVCL's tariff schedule in last two tariff Orders. The same norm may be followed for FY 2023-24 also.

Additionally, to recover the past losses, the Petitioner has requested to introduce the appropriate regulatory chargers by the Commission to recover the same. The uncovered revenue gap (cumulative for past years) can be recognised as regulatory asset after considering the regulatory gap that can be recovered through regulatory charges during FY 2023-24. The Petitioner has requested the Commission to approve the above proposal. Otherwise, the Petitioner cannot recover its legitimate dues and will face great financial problem. Without recovery of the past losses, the Petitioner has no way to claim its legitimate dues. This is affecting the financial situation of the Petitioner.

The Petitioner has submitted that such a huge gap is creating financial burden on the Petitioner and there is no appropriate mechanism to amortize such gap. The Petitioner has requested the Commission to create suitable mechanism to amortize such huge gap. Various State Electricity Regulatory Commission (SERCs) have taken measures like adjustment in tariff, regulatory surcharge imposition etc. to amortize the regulatory assets. The Petitioner prays to the Commission to kindly approve a similar mechanism in the tariff order for FY 2023-24, to amortize regulatory assets.

The Petitioner has requested the Commission to accord approval to tariff schedule proposed by the Petitioner for FY 2023-24, as per existing tariff schedule with introduction of appropriate regulatory surcharge. This will help the Petitioner to recover some of its past legitimate dues.

10.4 Commission's Analysis

The Commission notes that Petitioners licence area overlaps with the licence area of UGVCL. The second proviso to Section 62 (1) of the Electricity Act, 2003, specifies that:

> *"Provided that in case of distribution of electricity in the same area by two or more distribution licensees, the Appropriate Commission may, for promoting competition among distribution licensees, fix only maximum ceiling of Tariff for retail sale of electricity."*

Keeping in view the above well-established principles of legislation in determination of Tariff, the Commission believe that the whole course of this area of jurisprudence is that the functions of determination of tariff can be discharged fixing only maximum ceiling of tariff for retail sale of electricity on the basis of promoting competition among distribution licensees where two or more such licensees are in the business of distribution of electricity.

Further, it is observed that the Commission has been determining tariff in similar cases which falls under the situation envisaged under the proviso to Section 62(1) of the Electricity Act, 2003 for areas of distribution licensees like Aspen, TPL-Dahej and MUPL in accordance with the said principles of legislation. The Commission has been therefore, considering either maximum ceiling tariff as set for the principal licensee or setting the tariff which is lower than the retail supply tariff of the principal licensee for the second licensee.

It is to note that GIFT PCL is in process of network creation, but the load growth of GIFT PCL is not as expected. The cost and ARR related to this infrastructure need to restore in future whenever sufficient network utilization level is achieved. Till that time, the Commission intends to continue with tariff rates at par with incumbent Distribution Licence i.e. UGVCL and resultant surplus for the FY 2023-24 is allowed to retain with GIFT PCL in line with approach adopted in earlier Tariff Order for Truing up of FY 2020-21 and determination of tariff for FY 2022-23 dated 31st March 2022.

Accordingly, the Commission decides that the tariff approved for UGVCL for FY 2023-24 will be the maximum ceiling for retail supply in the GIFT City in accordance with the tariff schedule annexed to this Order.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for GIFT Power Company Limited (GIFT PCL) for FY 2023-24, as shown in the Table below:

ARR approved by the Commission for FY 2023-24

(Rs. Crore)

Particulars	Approved in this Order
Power Purchase Expenses	31.37
Operation & Maintenance Expenses	3.71
Depreciation	1.48
Interest & Finance Charges	0.71
Interest on Security Deposit	0.33
Interest on Working Capital	-
Contribution to contingency reserves	0.11
Bad Debts written off	-
Total Revenue Expenditure	**37.71**
Return on Equity Capital	1.01
Income Tax	-
Aggregate Revenue Requirement	**38.72**
Less: Non-Tariff Income	1.08
Less: Income from Other Business	-
Net Aggregate Revenue Requirement	**37.64**

The approved ceiling for retail supply tariff will be in accordance with the Tariff schedule annexed to this Order. This Order shall come into force with effect from 1st April 2023. The rate shall be applicable for the electricity consumption from 1st April 2023 onwards.

-Sd-	-Sd-	-Sd-
S. R. Pandey	Mehul M. Gandhi	Anil Mukim
Member	Member	Chairman

Place: Gandhinagar
Date: 31/03/2023

11. ANNEXURE: TARIFF SCHEDULE

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

Effective from 1st April, 2023

General

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of GIFT PCL.
2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.
3. All these tariffs for power supply are applicable to only one point of supply.
4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.
5. Except in cases where the supply is used for purposes for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
6. The various provisions of the GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, except Meter Charges, will continue to apply.
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, kilo watt or kilo volt ampere (HP, kW, kVA) 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 on complete one kilo-watt-hour (kWh).
9. The Connected Load for the purpose of billing will be taken as the maximum load 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 billing period for any reason

11. Contract Demand shall mean the maximum kW / kVA for the supply of which licensee undertakes to provide facilities to the consumer from time to time.
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 / load for any billing period does not entitle the consumer to draw in excess of contract demand / 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 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 date of billing).
    - Delayed payment charges will be levied at the rate of 15% per annum in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.
    - For Government dues, the delayed payment charges will be levied at the rate provided under the relevant Electricity Duty Act.

16. Green Power Tariff

    - Green Power Tariff of Rs 1.50/ kWh, which is over and above the normal tariff of the respective category as per Tariff Order, be levied to the consumers opting for meeting their demand of green energy.
    - All consumers (Extra High Voltage, High Voltage and Low Voltage) shall be eligible for opting RE power on payment of Green Power Tariff.
    - This option can be exercised by consumer giving billing cycle notice to the Distribution Licensee in writing before commencement of billing period.

PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY

AT LOW AND MEDIUM VOLTAGE

1. RATE: RGP

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

- Single Phase Supply – Aggregate load up to 6 kW
- Three Phase Supply – Aggregate load above 6 kW

1.1. FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

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

For BPL Household Consumers

(a)	Fixed Charges	Rs. 5/- per Month

PLUS

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

(a)	First 50 units	305 Paise per Unit
(b)	Next 50 Units	350 Paise per Unit
(c)	Next 150 Units	415 Paise per Unit
(d)	Above 250 Units	520 Paise per Unit

1.3. ENERGY CHARGES: 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: RGP (RURAL)

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

- Single Phase Supply – Aggregate load up to 6 kW
- Three Phase Supply – Aggregate load above 6 kW

2.1. FIXED CHARGES

Range of Connected Load: (Other than BPL Consumers)

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

For BPL Household Consumers

Fixed Charges	Rs. 5/- per month

PLUS

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

(a)	First 50 units	265 Paise per Unit
(b)	Next 50 Units	310 Paise per Unit
(c)	Next 150 units	375 Paise per Unit
(d)	Above 250 units	490 Paise per Unit

2.3. ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

FOR THE CONSUMER BELOW POVERTY LINE (BPL)**

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

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

2.4. MINIMUM BILL

Payment of fixed charges as specified in 2.1 above.

Note: If the part of the residential premises is used for non-residential (commercial) purposes by the consumers located within 'Gram Panchayat' as defined in Gujarat Panchayat Act, entire consumption will be charged under this tariff.

3. RATE: GLP

This tariff is applicable to

(i) the educational institutes and other institutions registered with the Charity Commissioner or similarly placed authority designated by the Government of India for such intended purpose;

(ii) research and development laboratories;

(iii) Street Light*

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

* Maintenance of street lighting conductor provided on the pole to connect the street light is to be carried out by Distribution Licensee. The consumer utilising electricity for street lighting purpose shall arrange for renewal, maintenance and replacement of lamp, associated Fixture, connecting wire, disconnecting device, switch including time switch etc. at his cost by person authorised by him in this behalf under Rule-3 of the Indian Electricity Rules, 1956/ Rules issued by CEA under the Electricity Act, 2003.

4. RATE: NON-RGP

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

Consumer under this category may opt to be charged as per category – 'RATE:LTMD'

4.1. FIXED CHARGES PER MONTH

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

PLUS

4.2. ENERGY CHARGES:

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

4.3. MINIMUM BILL PER INSTALLATION FOR SEASONAL CONSUMERS

4.3.1. "Seasonal Consumers", shall mean a consumer who takes and uses power supply for ice factory, ice candy machines, ginning and pressing factory, oil mill, rice mill, huller, salt industry, sugar factory, khandsari, cold storage plants (including such plants in fisheries industry), tapioca industries manufacturing starch, vegetable dehydration industries.

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

4.3.3. The total minimum amount under the head "Fixed and Energy Charges" payable by the seasonal consumer satisfying the eligibility criteria under sub-clause 4.3.1 above and complying with the provision stipulated under sub-clause 4.3.2 above shall be Rs. 1800 per annum per kW of the contracted load/ sanctioned load.

4.3.4. The units consumed during the off-season period shall be charged for at a flat rate of 480 Paise per unit.

4.3.5. The electricity bills related to the off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills related to the seasonal period only under the heads "Fixed Charges" and "Energy Charges", shall be taken into account while determining the amount of short-fall payable towards the annual minimum bill as specified under sub-clause 4.3.3 above.

4.3.6. Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Distribution Licensee as Security Deposit and minimum bill calculated at the rate shown in para 4.3.3 with the Contracted Load/ Sanctioned Load of such consumer. If the Contracted Load/ Sanctioned Load is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry.

5. RATE: LTMD

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

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

5.1. DEMAND CHARGE:

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

PLUS

5.2. ENERGY CHARGE:

For the entire consumption during the month	460 Paise per Unit

PLUS

5.3. REACTIVE ENERGY CHARGES:

For all the reactive units (kVARh) during the month	10 Paise per kVARh

5.4. BILLING DEMAND

The billing demand shall be highest of the following:

a) Eighty-five percent of the contract demand

b) Actual maximum demand registered during the month

c) 6 kW

5.5. MINIMUM BILL

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

5.6. SEASONAL CONSUMERS TAKING LTMD SUPPLY:

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

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

5.6.3 The total minimum amount under the head “Demand and Energy Charges” payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 5.6.1 above and complying with provisions stipulated under sub-clause 5.6.2 above shall be Rs. 2970 per annum per kW of the billing demand.

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

a) The highest of the actual maximum demand registered during the calendar year.

b) Eighty-five percent of the arithmetic average of contract demand during the year.

c) 6 kW

5.6.5 Units consumed during the off-season period shall be charged for at the flat rate of 470 Paise per unit.

5.6.6 Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Licensee as Security Deposit and minimum bill calculated at the rate shown in para 5.6.3 for the higher of Contract Demand or Billing Demand. If the Contract Demand is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 month prior to its expiry.

6. RATE: NON-RGP NIGHT

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

6.1. FIXED CHARGES PER MONTH:

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

PLUS

6.2. ENERGY CHARGES:

For the entire consumption during the month	260 Paise per unit

NOTE:

1. *15% of the contracted load can be availed beyond the night hours prescribed as per para 6 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 6 above.*

3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then fixed charge during the relevant billing month shall be billed as per Non-RGP category fixed charge rates given in para 4.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per Non-RGP category energy charge rates given in para 4.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then fixed charge and entire energy consumption during the relevant billing month shall be billed as per Non-RGP category fixed charge and energy charge rates given in para 4.1 and 4.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of Non-RGP tariff by using electricity exclusively during night hours as above.*

This option can be exercised to shift from NON-RGP tariff category to NON-RGP NIGHT tariff or from NON-RGP NIGHT tariff category to NON-RGP tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.

7. RATE: LTMD-NIGHT

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

7.1 DEMAND CHARGES PER MONTH:

50% of the Demand charges specified in Rate **LTMD** above

PLUS

7.2. ENERGY CHARGES:

For entire consumption during the month	260 Paise per unit

PLUS

7.3. REACTIVE ENERGY CHARGES:

For all reactive units (kVARh) drawn during the month	10 Paise per kVARh

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 7 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 7 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per LTMD category demand charge rates given in para 5.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per LTMD category energy charge rates given in para 5.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per LTMD category demand charge and energy charge rates given in para 5.1 and 5.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of LTMD tariff by using electricity exclusively during night hours as above.*
7. *This option can be exercised to shift from LTMD tariff category to LTMD NIGHT tariff or from LTMD- NIGHT tariff category to LTMD tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.*

8. RATE: LTP- LIFT IRRIGATION

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

(a)	Fixed charges per month	Rs. 20/- per HP

PLUS

(b)	Energy charges per month; For entire consumption during the month	80 Paise per Unit

9. RATE: WWSP

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

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

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

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

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

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

Energy charges per month: For entire consumption during the month	320 Paise /Unit

9.4 TIME OF USE DISCOUNT:

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

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

10. RATE: AG

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

10.1 The rates for following group are as under:

10.1.1 HP BASED TARIFF

For entire contracted load	Rs. 200 per HP per month

ALTERNATIVELY

10.1.2 METERED TARIFF

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

10.1.3 TATKAL SCHEME

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

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

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

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

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

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

11. <u>RATE- TMP</u>

This tariff is applicable to services of electricity supply for temporary period at the low voltage. A consumer not taking supply on regular basis under a proper agreement shall be deemed to be taking supply for temporary period.

11.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 15 per kW per Day

11.2 ENERGY CHARGE

A flat rate of	465 Paise per Unit

Note: Payment of bills is to be made within seven days from the date of issue of the bill. Supply would be disconnected for non-payment of dues on 24 hours' notice.

12. RATE- LT ELECTRIC VEHICLE (EV) CHARGING STATIONS

This tariff is applicable to consumers who use electricity exclusively for Electric Vehicle Charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category, i.e., RGP, RGP (RURAL), GLP, LTMD, NON-RGP NIGHT, LTMD-NIGHT, etc. as the case may be.

12.1 FIXED CHARGES

Fixed Charge	Rs. 25 per Installation per Month

12.2 ENERGY CHARGES: FOR THE ENTIRE MONTHLY CONSUMPTION

Energy Charge	410 Paise per Unit

PART - II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION (3.3 KV AND ABOVE, 3-PHASE 50 HERTZ), AND EXTRA HIGH TENSION

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

13. RATE- HTP-1

This tariff will be applicable for supply of electricity to HT consumers contracted for 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified in any other HT Categories.

13.1 DEMAND CHARGES:

13.1.1 For billing demand up to contract demand

(a)	For the first 500 kVA of billing demand	Rs. 150/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 260/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 475/- per kVA per month

13.1.2 For billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 555 per kVA per month

PLUS

13.2 ENERGY CHARGES

For entire consumption during the month		
(a)	Up to 500 kVA of billing demand	400 Paise per unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	420 Paise per Unit
(c)	For billing demand above 2500 kVA	430 Paise per Unit

PLUS

13.3 TIME OF USE CHARGES

For energy consumption during the two peak periods, viz, 0700 Hrs to 1100 Hrs and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	45 Paise per unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

13.4 BILLING DEMAND

The billing demand shall be the highest of the following:

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

13.5 MINIMUM BILLS:

Payment of "demand charges" based on kVA of billing demand.

13.6 POWER FACTOR ADJUSTMENT CHARGES:

13.6.1 Penalty for poor Power Factor:

a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 13.2 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 13.2 of this schedule, will be charged.

13.6.2 Power Factor Rebate

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 13.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

13.7 MAXIMUM DEMAND AND ITS MEASUREMENT:

The maximum demand in kW or kVA, as the case may be, shall mean an average kW/kVA supplied during consecutive 30/15 minutes or if consumer is having parallel operation with grid and has opted for 3 minutes, period of maximum use where such meter with the features of reading the maximum demand in kW/kVA directly, have been provided.

13.8 CONTRACT DEMAND:

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

13.9 REBATE FOR SUPPLY AT EHV:

On Energy charges:		Rebate @
(a)	If supply is availed at 33/66 kV	0.75%
(b)	If supply is availed at 132 kV and above	1.25%

13.10 CONCESSION FOR USE OF ELECTRICITY DURING NIGHT HOURS:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning shall be eligible for concession at the rate of 43 Paise per unit.

13.11 SEASONAL CONSUMERS TAKING HT SUPPLY:

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

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

13.11.3 The total minimum amount under the head “Demand and Energy Charges” payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 13.11.1 above and complying with provisions stipulated under sub-clause 13.11.2 above shall be Rs. 4550 per annum per kVA of the billing demand.

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

a) The highest of the actual maximum demand registered during the calendar year.
b) Eighty-five percent of the arithmetic average of contract demand during the year.
c) One hundred kVA

13.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 430 Paise per unit.

13.11.6 Electricity Bills paid during off-season period shall not be taken into account towards the amount payable against the annual minimum bill. The amount paid by the consumer towards the electricity bills for seasonal period only under the heads "Demand Charges" and "Energy Charges" shall be taken into account while determining the amount payable towards the annual minimum bill.

13.11.7 Seasonal consumer is required to submit to the Distribution Licensee an irrevocable Bank Guarantee from a Nationalised or Scheduled Commercial Bank equal to the difference of amount/ Bank Guarantee lying with the Licensee as Security Deposit and minimum bill calculated at the rate shown in para 13.11.3 for the higher of Contract Demand or Billing Demand. If the Contract Demand is revised upward during the calendar year, the consumer shall submit a revised Bank Guarantee or additional Bank Guarantee as calculated above to the Licensee. The cost of such Bank Guarantee/s shall be borne by the consumer. It shall be the responsibility of the consumer to keep the bank guarantee/s valid at all times and to renew the bank guarantee/s at least 1 months prior to its expiry.

14. RATE- HTP-II

Applicability: This tariff shall be applicable for supply of energy to HT consumers contracting for 100 kVA and above, requiring power supply for Water Works and Sewerage pumping stations run by Local Authorities and GW & SB. GIDC Water Works.

14.1 DEMAND CHARGES:

14.1.1 For billing demand up to contract demand

(a)	For the first 500 kVA of billing demand	Rs. 115/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 225/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 290/- per kVA per month

14.1.2 For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs. 360 per kVA per month

PLUS

14.2 ENERGY CHARGES:

For entire consumption during the month

(a)	Up to 500 kVA of billing demand	435 Paise per unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	455 Paise per Unit
(c)	For billing demand above 2500 kVA	465 Paise per Unit

PLUS

14.3 TIME OF USE CHARGES:

For energy consumption during the two peak periods, viz, 0700 Hrs to 1100 Hrs and 1800 Hrs. to 2200 Hrs.		
(a)	For Billing Demand up to 500 kVA	45 Paise per unit
(b)	For Billing Demand above 500 kVA	85 Paise per Unit

14.4	Billing Demand	Same as HTP-I Tariff
14.5	Minimum Bill	
14.6	Maximum demand and its measurement	
14.7	Contract Demand	
14.8	Rebate for supply at EHV	
14.9	Concession for use of electricity during night hours	

14.10 POWER FACTOR ADJUSTMENT CHARGES

14.10.1 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 14.2 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 14.2 of this schedule, will be charged.

14.10.2 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 14.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

15. RATE- HTP-III

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

15.1 DEMAND CHARGES:

For billing demand up to contract demand	Rs. 18/- per kVA per day
For billing demand in excess of contract demand	Rs. 20/- per kVA per day

15.2 ENERGY CHARGES:

For all units consumed during the month	660 Paise/Unit

PLUS

15.3 TIME OF USE CHARGES:

Additional charge for energy consumption during two peak periods, viz, 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.	85 Paise per Unit

15.4	Billing Demand	Same as HTP-I Tariff
15.5	Minimum bill	
15.6	Maximum demand and its measurement	
15.7	Contract Demand	
15.8	Rebate for supply at EHV	

15.9 POWER FACTOR ADJUSTMENT CHARGES

15.9.1 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 15.2 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 15.2 of this schedule, will be charged.

15.9.2 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 15.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

16. <u>RATE- HTP-IV</u>

This tariff shall be applicable for supply of electricity to HT consumers opting to use electricity exclusively during night hours from 10.00 PM to 06.00 AM next day and contracted for regular power supply of 100 kVA and above.

16.1 DEMAND CHARGES:

1/3rd of the Fixed Charges specified in Rate HTP-I above

PLUS

16.2 ENERGY CHARGES:

For all units consumed during the month	225 Paise/Unit

16.3	Billing Demand	Same as HTP-I Tariff
16.4	Minimum Bill	
16.5	Maximum demand and its measurement	
16.6	Contract Demand	
16.7	Rebate for supply at EHV	

16.8 POWER FACTOR ADJUSTMENT CHARGES:

16.8.1 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 16.2 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 16.2 of this schedule, will be charged.

16.8.2 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 16.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

NOTE:

1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 16 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 16 above.
3. In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTP-I category demand charge rates given in para 13.1 of this schedule.
4. In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTP-I category energy charge rates given in para 13.2 of this schedule.
5. In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per HTP-I category demand charge and energy charge rates given in para 13.1 and 13.2 respectively, of this schedule.
6. This tariff shall be applicable if the consumer so opts to be charged in place of HTP-I tariff by using electricity exclusively during night hours as above.

7. This option can be exercised to shift from HTP-I tariff category to HTP-IV tariff or from HTP-IV tariff category to HTP-I tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.

17. RATE- HTP-V

HT - Agricultural (for HT Lift Irrigation scheme only)

This tariff shall be applicable for supply of electricity to High Tension Agricultural consumers contracting for 100 kVA and above, requiring power supply for lifting water from surface water sources such as canal, river and dam, and supplying water directly to the fields of farmers for agricultural irrigation only.

17.1 DEMAND CHARGES:

Demand Charges Rs. 25 per kVA per month

PLUS

17.2 ENERGY CHARGES:

For all units consumed during the month	80 Paise/Unit

17.3	Billing Demand	Same as per HTP-I Tariff
17.4	Minimum bill	
17.5	Maximum demand and its measurement	
17.6	Contract Demand	
17.7	Rebate for supply at EHV	

17.8 POWER FACTOR ADJUSTMENT CHARGES

17.8.1 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 17.2 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 17.2 of this schedule, will be charged.

17.8.2 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 17.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

18. RATE- RAILWAY TRACTION

This tariff is applicable for power supply to Railway Traction at 132 kV/66 kV.

18.1 DEMAND CHARGES:

(a)	For billing demand up to the contract demand	Rs. 180 per kVA per month
(b)	For billing demand in excess of contract demand	Rs. 425 per kVA per month

NOTE: In case of the load transfer for traction supply due to non-availability of power supply at preceding or succeeding point of supply or maintenance at Discom's level, excess demand over the contract demand shall be charged at normal rate at appropriate point of supply.

Normal Demand Charges will also apply in case of bunching of trains. However, Discoms shall charge excess demand charges while raising the bills and Railways have to give convincing details and documentary proof of bunching of trains if they want to be charged at the normal demand charges. If satisfactory proof of bunching of trains is provided, Discom shall consider that occasion for normal demand charges, otherwise excess demand charges will be applicable specified as above at 18.1 (b).

PLUS

18.2 ENERGY CHARGES:

For all the units consumed during the month	500 Paise per Unit

18.3 Billing Demand:
18.4 Minimum Bill
18.5 Maximum demand and its measurement
18.6 Contract Demand
18.7 Rebate for supply at EHV

Same as HTP-I Tariff

18.8 POWER FACTOR ADJUSTMENT CHARGES

18.8.1 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 18.2 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 18.2 of this schedule, will be charged.

18.8.2 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 18.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

19. RATE-HT ELECTRIC VEHICLE (EV) CHARGING STATIONS

This tariff is applicable to consumers who use electricity **exclusively** for Electric Vehicle Charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category, i.e., HTP-I, HTP-II, HTP-III, HTP-IV, HTP-V, RAILWAY TRACTION as the case may be..

19.1 DEMAND CHARGES:

(a)	For billing demand up to the contract demand	Rs. 25/- per kVA per month
(b)	For billing demand in excess of contract demand	Rs. 50/- per kVA per month

PLUS

19.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION

ENERGY CHARGE	400 Paise per Unit

19.3 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