GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing-up for FY 2011-12 and

Determination of Tariff for FY 2013-14

For

Torrent Energy Limited - Distribution (TEL-D)

Case No. 1280 of 2013

27th May 2013

1st Floor, Neptune Tower, Opp.: Nehru Bridge, Ashram Road
Ahmedabad-380 009 (Gujarat), INDIA
Phone: +91-79-26580350 Fax: +91-79-26584542
E-mail: gerc@gercin.org Visit us: www.gercin.org

सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION

(GERC)

AHMEDABAD

Tariff Order

Truing-up for FY 2011-12 and

Determination of Tariff for FY 2013-14

For

Torrent Energy Limited - Distribution (TEL-D)

Case No. 1280 of 2013

27th May 2013

CONTENTS

TABLES

ABBREVIATIONS

Abbreviation	Expansion
ARR	Aggregate Revenue Requirement
ATE	Appellate Tribunal for Electricity
A&G	Administration and General
BPL	Below Poverty Line
Capex	Capital Expenditure
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GFA	Gross Fixed Assets
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
HV	High Voltage
kV	Kilo Volt
LTMD	Low Tension Maximum Demand
LT	Low Tension
LTP	Low Tension Power
MAT	Minimum Alternate Tax
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations and Maintenance
PBT	Profit Before Tax
PF	Power Factor
PPC	Power purchase cost
REC	Renewable Energy Certificate
RGP	Residential General Purpose
RoE	Return on Equity
R&M	Repair and Maintenance
SD	Security Deposit
SEZ	Special Economic Zone
SLC	Service Line Charge
TEL	Torrent Energy Limited
TEL-D	TEL Distribution
TPL	Torrent Power Limited
T&D	Transmission and Distribution
UI	Unscheduled Interchange

Before the Gujarat Electricity Regulatory Commission at Ahmedabad

Case No. 1280 of 2013

Date of the Order: 27/05/2013

CORAM

Dr. P.K. Mishra, Chairman

Shri Pravinbhai Patel, Member

Dr. M.K. Iyer, Member

ORDER

1. Background and Brief History

1.1 Background

The Torrent Energy Limited, a distribution licensee, filed its petition on 16th January, 2013 under section 62 of the Electricity Act, 2003, read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, for Truing up of FY 2011-12 and determination of tariff for FY 2013-14 for its Distribution business of Dahej Supply Area.

The Commission conducted a preliminary scrutiny and admitted the petition on 21st January, 2013, under Case No. 1280/2013.

1.2 Torrent Energy Limited (TEL)

Torrent Energy Limited (TEL) is a Special Purpose Vehicle (SPV), promoted by Torrent Power Limited (TPL), to fulfil its commitment to generate and distribute power as a co-developer of the Dahej Special Economic Zone.

Dahej SEZ (DSEZ) is being developed by Government of Gujarat through Gujarat Industrial Development Corporation (GIDC) and Oil and Natural Gas Corporation (ONGC). The DSEZ has been notified by the Ministry of Commerce and Industry, Government of India, vide Notification No. 2131(E) dated 20th December, 2006, as a Multi-Product SEZ.

The Government of Gujarat has "In-principle" approved Torrent Energy Limited as the Co-developer in DSEZ area for the purpose of establishing generation and distribution facilities. Accordingly, TEL has entered into the Co-developer agreement with Dahej SEZ Ltd (DSL), a SPV created for developing the DSEZ.

The Ministry of Commerce and Industry, Government of India, has approved TEL as a Co-developer to set up generation and distribution infrastructure in DSEZ.

The Gujarat Electricity Regulatory Commission, vide its order dated 17th November, 2009, issued orders for issue of distribution license to TEL as a second distribution licensee as per the provisions of Section 14 of the Electricity Act, 2003 for distribution of electricity in the DSEZ area. Accordingly, the Gujarat Electricity Regulatory Commission, vide its letter dated 29th December, 2009, issued the distribution license dated 18th December, 2009 to TEL.

TEL started commercial operations from 4th April, 2010 and is in the process of establishing the distribution network for power distribution to various SEZ units. TEL is also in the process of setting up a power plant (called DGEN) at Dahej. This is a green field project. The proposed capacity is tentatively expected to commence generation from January, 2014.

The distribution business of TEL is hereinafter referred to as Petitioner, or Torrent Energy Limited – Distribution (TEL-D).

1.3 Commission's Order for the control period

TEL-D filed its petition under the Multi-Year Tariff Framework for the control period FY 2011-12 to FY 2015-16 on 14th July, 2011, in accordance with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, notified by the Commission.

The Commission, in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003, and all other powers enabling it in this behalf, and after taking into consideration the submissions made by TEL-D, the objections by various stakeholders, response of TEL-D, issues raised during the public hearing and all other relevant material, issued the Multi-Year Tariff order on 12th December, 2011 for the control period from FY 2011-12 to FY 2015-16 based on the MYT regulations, 2011.

1.4 Admission of Current Petition and Public Hearing Process

The Petitioner has sought an extension for filing the Truing up for FY 2011-12 and determination of Tariff for FY 2013-14. The Commission directed TEL-D to file the Petition for Truing up of FY 2011-12 and determination of Tariff for FY 2013-14 by 10th January, 2013. The Petitioner sought a further extension of 10 days for filing the Petition.

The petitioner submitted its current petition for Truing up of FY 2011-12 and determination of Tariff for FY 2013-14 on 16th January, 2013. After preliminary analysis, the Commission admitted the petition as case No. 1280/2013 dated 21st January, 2013.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed TEL-D to publish its application in the abridged form to ensure public participation. The Public Notice was issued in the following newspapers on 26th January, 2013 inviting objections / suggestions from its stakeholders on the ARR petition filed by it.

Sl. No	Name of the newspaper/Language	Date of publication
1	The Indian Express (Ahmedabad)	26.01.2013
2	Gujarat Samachar (Vadodara)	26.01.2013
3	Sandesh (Vadodara)	26.01.2013

The interested parties/stakeholders were asked to file their objections / suggestions on the petition on or before 26th February, 2013.

TEL-D / Commission received the objections / suggestions on the petition from (i) Utility Users' Welfare Association and (ii) Laghu Udyog Bharati.

The public hearing was held on 13th March, 2013 at Surat wherein the Utility Users Welfare Association participated.

1.5 Contents of the Order

This order is divided into **seven** chapters as under:

1. The **first chapter** provides the background regarding the Petitioner, the petition and details of the public hearing process.
2. The **second chapter** outlines the summary of ARR petition of the TEL-D.
3. The **third chapter** provides a brief account of public hearing process, including the objections raised by stakeholders, TEL-D's response and the Commission's view on the response.
4. The **fourth chapter** deals with "Truing up" for the FY 2011-12.
5. The **fifth chapter** deals with the Determination of Retail Supply Tariff for FY 2013-14 and wheeling charges.
6. The **sixth chapter** deals with the Directives of the Commission.
7. The **seventh chapter** deals with Fuel & Power Purchase Adjustments (FPPPA).

1.6 Approach of this order

The Multi-Year Tariff Regulations, 2011 provide for truing up of the previous year and determination of tariff for the ensuing year. The Commission had approved the ARR for the five years of the second control period from FY 2011-12 to FY 2015-16 in the MYT order dated 12th December, 2011.

TEL-D has approached the Commission with the present petition for "Truing up" for the FY 2011-12 and determination of tariff for the FY 2013-14 for its Distribution business of Dahej Supply Area.

The Commission has undertaken truing up for the FY 2011-12, including computation of gains and losses for the FY 2011-12, based on the submissions of the petitioner and the audited annual accounts for FY 2011-12 made available by the petitioner.

For determination of the ARR for FY 2013-14, the Commission has considered the ARR for FY 2013-14, as approved in the MYT Order dated 12th December, 2011.

The petition for Truing up of Business for FY 2011-12 and determination of Retail Supply Tariff for FY 2013-14 has been considered by the Commission as per Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011.

2. A Summary of TEL-D's Submission

The Torrent Energy Limited - Distribution (TEL-D) submitted its Petition for Truing up of FY 2011-12 and Tariff Proposals for FY 2013-14 on 16th January, 2013.

2.1 Actuals for FY 2011-12 submitted by TEL-D

The details of expenses under various components of ARR for FY 2011-12 are given in Table 2.1 below:

Table 2.1: Actuals submitted by TEL-D for FY 2011-12

(Rs. crore)

Sl.No.	Particulars	Submitted in Truing up
1	Power Purchase Expenses	27.72
2	Operation and maintenance expenses	2.33
3	Depreciation	1.46
4	Interest on Long Term Loans	3.08
5	Interest on Security Deposit	0.53
6	Interest on working capital	-
7	Provision for bad debts	-
8	Contingency Reserve	0.30
9	Income Tax	0.37
10	Return on equity	1.44
11	Less: Non-Tariff Income	0.69
12	**ARR**	**36.54**

2.2 A Summary of projected revenue gap for FY 2011-12

Table below summarises the estimated ARR submitted by the TEL-D in truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2011-12.

Table 2.2: Projected Revenue Gap for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	FY 2011-12
1	Gap of FY 2010-11	3.71
2	Carrying Cost @ 13% on GAP of 2010-11	1.36
3	**Total Gap of FY 2010-11 (1+2)**	**5.07**
4	Aggregate Revenue Requirement for FY 2011-12	36.91
5	Less: Revenue from Sales of power for FY 2011-12	37.96
6	**Net Gap/ (Surplus) for FY 2011-12 (4-5)**	**(1.05)**
7	Carrying Cost @ 13% on total recovery	(0.29)
8	**Total Gap up to FY 2011-12 (3+6+7)**	**3.73**

2.3 ARR, revenue at existing tariff, revenue gap and tariff proposal for FY 2013-14

TEL-D has submitted that the approved ARR for FY 2013-14 should not be considered for retail tariff determination, as there is delay in development of SEZ - resulting in lower demand. TEL-D has further submitted that it has charged tariff, including FPPPA, as was applicable to DGVCL consumers as considered in the MYT Order. However, the increase of 10 paise/kWh approved in the Tariff Order dated 2nd June, 2012 for DGVCL consumers was not allowed to TEL-D. TEL-D has submitted that there is need to increase tariff from the current level. TEL-D has requested to allow it to recover the tariff including FPPPA from its consumers as applicable to DGVCL consumers from 1st April, 2013.

2.4 TEL-D's request to the Commission:

TEL-D has requested the Commission to:

a) Admit the petition for truing up for FY 2011-12, approval of gap for FY 2013-14 and determination of tariff for FY 2013-14.
b) Approve the gap/(surplus) of FY 2011-12 along with earlier years' approved gap as per the truing up and carrying cost for the unrecovered gap.
c) Approve the sharing of gains/losses, as proposed by TEL-D for FY 2011-12.
d) Approve the wheeling ARR and corresponding charges for wheeling of electricity, as proposed.
e) Allow the Petitioner to recover Retail Tariff, including FPPPA, as may be applicable to DGVCL consumers for its Dahej Supply area.
f) Modify the existing FPPPA formula for the distribution licensee, as proposed by the Petitioner.
g) Allow additions/ alterations/ changes/ modifications to the application at a future date.
h) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the petition.
i) Condone the delay in filing the present petition.
j) Allow any other relief and issue order or direction as the Commission deems fit.
k) Condone any inadvertent omissions / errors / rounding off difference / shortcomings.

3. Brief outline of Objections raised, response from TEL-D and Commission's View

3.1 Public response to the petition

In response to the public notice, inviting objections/suggestions of the stakeholders on the petition filed by TEL-D for 'Truing Up' of FY 2011-12 and determination of tariff for FY 2013-14, two consumer organizations viz. Utility Users' Welfare Association and Laghu Udyog Bharati, filed their objections/suggestions in writing. The objections / suggestions by the consumer organizations, the response from the Petitioner and the views of the Commission are as given below.

1. Determination Fixed charges

The objector has stated that there must be justification and formula for determining fixed charge / demand charge for the particular category.

Response of TEL-D:

The fixed charges are being recovered as per the tariff schedule duly approved by the Commission. Further, the amount collected through the fixed charges is part of the revenue and accordingly, the same is considered against the truing up of ARR to arrive at the final Gap/Surplus figure.

Commissions view:

Fixed charges are determined keeping in view the fixed cost component of ARR as well as existing level of fixed charges.

2. Minimum Charges

The objector stated that projections of ARR never show the amount received under minimum Charge. For example, if a consumer has a contract demand of 200 KVA, the billing demand is 170 KVA and actual demand is 120 KVA, the consumer has to pay Rs. 5000/- more, which results in rise of per unit cost. Such amounts are nowhere shown in the ARR. There is neither the mechanism in place to protect a consumer if he has to pay for the per unit cost higher than the category wise charge as per tariff order nor a system for truing up of high per unit cost recovered by Discoms as refund to consumer in the electricity bills. In the NRGP Category for low consumption consumers, the difference is highest. In the ARR projections, such amounts are not shown.

Response of TEL-D:

TEL-D incurs the fixed costs for supplying electricity to its consumers. The purchase of power also has fixed cost and variable cost components. Thus, ideally, it should recover the total fixed cost through fixed charges and variable cost through variable charges. The fixed / demand charges are in line with the provisions of the Act and Tariff Policy.

Accordingly, the consumer is required to pay for the contracted capacity and the revenue so earned is considered as part of revenue.

Commissions view:

The response of the petitioner is noted and the issue regarding minimum charges for Non-RGP category is examined and appropriate decision taken.

3. Accounting of Demand Penalty

The objector has submitted that the ARR Projections of the Retail Supply Companies never show projections of demand penalty receipts.

Response of TEL-D:

Any amount recovered as penalty from the consumers is considered as part of revenue earned in the truing up exercise.

Commissions view:

The response of the petitioner is noted.

4. Receipts on account of Time Zone billing

The objector has stated that the difference in recovery of Peak hour's unit charges and night hour's rebate are never shown by the Retail Supply companies in the ARRs.

Response of TEL-D:

No Comments.

Commissions view:

All amounts recovered / received are considered under revenue as per Annual Accounts.

5. Accounting of P.F. Penalty/rebate and KVARH charges

The objector has stated that there is no accounting under this head in ARR.

Response of TEL-D:

The Petitioner has submitted that the same is shown as part of revenue and gets adjusted against the gap/surplus in the truing up exercise.

Commissions view:

The response of the petitioner is noted.

6. Issue of Depreciation accounting

The objector has stated that, along with Annual accounts and ARR projections, there must be a detailed analysis by chartered accountants in finalising the previous year's annual accounts i.e., why depreciation credit on income side is not reflected in the assets column for which full line cost is recovered from consumers.

Response of TEL-D:

The Annual Accounts of the Company are in line with the Company's Act, 1956. The accounting of depreciation has been done in line with the GERC (MYT) Regulations, 2011. Accordingly, appropriate treatment has been given to the amount of Service Line Contribution received from the consumers.

Commissions view:

The response of the petitioner is noted.

7. Accounting of sum due at the end of financial years

The objector has stated that this sum is root cause for the retail electricity supply companies to show higher line losses. In the annual financial statements, there must be an endorsement by the concerned charted accountant that unbilled amount at the rate of annual percentage growth and the receivables as arrears in full have been accounted for. Also per unit cost overall average and Category wise unit cost as per tariff orders have been assessed. This is not being done.

Response of TEL-D:

The Petitioner refutes and denies all the allegations and submits that it maintains the accounts in accordance with the Accounting Standards issued by the ICAI under the Companies Act, 1956 and the basic accounting concept is being followed by the Petitioner.

Commissions view:

The response of the petitioner is noted.

8. True up of Interest on working capital

The objector has stated that as the consumer's money as security deposit is lying with retail Electricity supply companies, interest on working capital is not being allowed and however true up of the same for last six years is required to be carried out.

Response of TEL-D:

TEL-D computes and claims the interest on working capital as per the applicable Regulations notified by the Commission. In the present petition, the SD is considered against the working capital requirement in line with the provisions of GERC (MYT) Regulations, 2011.

Commissions view:

Security deposit is being treated as per MYT Regulations.

9. Delay in filing ARR Petition

The Objector has stated that the licensee was required to file the petition for ARR for FY 2013-14 on or before 30th November, 2012. However, the Petitioner has not filed the petition in time, violating the provision of MYT Regulation.

Response of TEL-D:

The finalisation of data in the changed market conditions necessitated time for analysis and preparation of the Petition. However, the Petitioner has made best efforts to expedite the submission of petition and filed the same on 15/01/2013. The Petitioner had sought extension of time and the Commission had granted the time till 15/01/2013 to file the petition.

Commissions view:

The Commission granted extension of time for filing the petition.

10. Filing of accounting statement

The Objector has stated that the Petitioner has not submitted the petition along with the Accounting Statement, as per Clause 17.3 of GERC (MYT) Regulations, 2011.

Response of TEL-D:

The Petitioner would like to submit that it has furnished the Accounting Statement, duly certified by the Statutory Auditors' of the Company, for the FY 2011-12, in accordance with the statutory provisions. The same has been also made available to the stakeholders.

Commissions view:

The response of the petitioner is noted.

11. Justification for forecast and projections in ARR

The Objector has stated that: (i) the Petitioner has not submitted the details of the past performance and the supportive details to justify the reasonableness of the forecast and projection for the ARR of FY 2013-14, and (ii) the sales in FY 2011-12 are only 55.70 MU (29% of the projected and approved one) against projected sales of 187.92 MU. The reasons for the same need to be ascertained.

Response of TEL-D:

The present petition, filed for truing up of FY 2011-12 and determination of tariff for FY 2013-14, is in line with the GERC (MYT) Regulations, 2011. It may be noted that it has furnished the relevant details for FY 2011-12 in the truing up section. Further, as per the GERC (MYT) Regulations, 2011, the Petitioner has furnished the ARR of FY 2013-14, as approved by the Commission, vide its order in Case No. 1117/2011. TEL-D submitted that due to changed economic conditions and Govt Policies, the development in the SEZ has been delayed. The same has resulted in lower sales than those projected in the earlier estimates.

Commissions view:

The petitioner has explained the reasons for lower sales during FY 2011-12.

12. Capital investment

The Objector has stated that the capital investment purportedly made does not establish that the work has been executed.

Response of TEL-D:

TEL-D has furnished the necessary details of the capital expenditure incurred for FY 2011-12 in the Truing up Section of the Petition. It is further submitted that the increase in asset block, duly certified by the Statutory Auditors' of the Company, also reflects the addition of capitalisation.

Commissions view:

The response of the petitioner is noted.

13. Power Purchase and Cost

a. The objector has stated that the Petitioner does not have an arrangement for power procurement of 1342.12 MUs, as approved by the Commission.

b. The rate of GUVNL is Rs. 4.35 per unit for sale of 10 MW power to the Petitioner. The petitioner has not given any details of FY 2012-13, to arrive at the projection for FY 2013-14.

c. The Commission is requested to direct the Petitioner for resurvey of forecast of sale and power purchase of SEZ Dahej to procure power by the competitive bidding process till DGEN is commissioned.

Response of TEL-D:

a. The said power purchase requirement has been approved by the Commission based on the demand and sales forecasts of the Petitioner in line with the provisions of the GERC (MYT) Regulations, 2011. However, due to changed economic conditions and Govt Policies, the development in the SEZ has been delayed. The same has resulted in lower sales than those projected in the earlier estimates. Accordingly, the Petitioner has been making necessary arrangement to cater to the demand of the consumers.

b. TEL-D has entered into the bilateral arrangement with GUVNL for sourcing power at RTC rate and the same has been approved by the Commission vide its order in Case No. 1106/2011. Hence, the Objector's contention is not relevant.

c. TEL-D is making all efforts to arrange power at competitive rates till the commissioning of DGEN. Regarding the objector's suggestion for resurvey of forecast of sale, it is submitted that the GERC (MYT) Regulations, 2011 provide for the midterm review of forecasts/projections during the third year of the control period. Hence, the same is not relevant for the present petition.

Commissions view:

The response of the petitioner is noted.

14. Applicability of tariff rate at which DGVCL is supplying

The Objector has requested the Commission not to allow the Petitioner to recover the electricity charges at the tariff rate to be approved for M/s DGVCL, since it hinders competition between two Distribution Licensees and is against the provisions of EA, 2003. The proposal for applying DGVCL tariff is only to benefit the Petitioner.

Response of TEL-D:

Section 62 (1) (d) of the EA, 2003 gives discretion to the Commission to decide the tariff philosophy in case there are more than one distribution licensee in the same area. Accordingly, the Commission has decided to follow the cost plus tariff after giving due consideration to various factors, including the development of the SEZ area, load and type of consumers. Thus, the Petitioner is not allowed to earn more return than the quantum specified in the GERC (MYT) Regulations, 2011. Further, it is pertinent to note that tariff is not the only thing to determine the competitiveness of a Licensee but factors such as quality and reliability of supply, consumer service etc., are also important indicators of a Licensee's performance.

It may be noted that the Petitioner is presently charging the tariff, including FPPPA, lower by about Rs. 0.66 per unit compared to existing tariff applicable to DGVCL consumers. Further, the demand is likely to be in line with the recent trend. Further, the Petitioner would not be in a position to recover the legitimate cost incurred during the year. In the absence of tariff increase, the consumers would be burdened with carrying cost. The Petitioner has, therefore requested the Commission to allow the recovery of electricity charges at DGVCL tariff.

Commissions view:

The Commission decides separate Tariff schedule for TEL-D as per the approved ARR.

15. Details of Consumers

The Objector has stated that the Petitioner has not furnished the details regarding the number of consumers in the licensee area.

Response of TEL-D:

There were total 53 consumers during FY 2011-12, i.e., 19 HT consumers, 8 Commercial consumers, 9 Street Light consumers and 17 LT - Temporary consumers.

Commissions view:

The response of the petitioner is noted.

16. T&D Loss

The Objector has referred to the transmission loss figure of 2.69 MUs for distribution of 56.24 MUs, which comes to 4.78%. When DGVCL is having a transmission loss of 4.43% for FY 2011-12 as per truing up in Petition No. 1284/2013, why TEL-D should have more loss than DGVCL when power is being sourced from GUVNL.

Response of TEL-D:

TEL-D's actual transmission loss of 2.69 MUs works out to 4.45% for the usage of the transmission network. Further, the Objector should have computed the transmission loss percentage on gross purchase of 60.33 MUs from GUVNL at the injection level, instead of net drawal of 56.24 MUs.

Commissions view:

The response of the petitioner is noted.

17. Procurement of power at lower price from SUGEN-G

The Objector has stated that TEL-D procured power from GUVNL @ Rs. 4.35 / kWh on RTC basis with 70% take or pay condition and the PPA is for 10 MW, whereas the actual demand is only 7.5 MW. The average power cost comes to Rs. 4.66 / kWh. TEL-D, being a subsidiary of TPL, should be directed to get power from Sugen at the regulated determined price by CERC to promote and accelerate development of SEZ-D. The Commission is requested to allow Rs. 4.35 / Kwh as the power purchase cost.

Response of TEL-D:

No comment.

Commissions view:

The Commission takes the relevant aspects into account while approving purchase of power by the distribution licensee.

18. Admission of cost of REC

The Objector has compared the RPO cost of DGVCL and requested the Commission to disallow the cost of REC incurred by the Petitioner.

Response of TEL-D:

The comparison with DGVCL is incorrect as the Petitioner is the new licensee and has commenced its operation in April 2010, whereas DGVCL is the State DISCOM having allocation of power from various sources including the renewable generation. However, the Petitioner has made all efforts to fulfil its renewable power purchase obligation. Due to supply constraints, the Petitioner was not able to fulfil its RPO obligation during FY 2011-12. Therefore, the Petitioner purchased the Renewable Energy Certificates, in accordance with the GERC (RPO) Regulations, 2010, to fulfil its RPO. The GERC (RPO) Regulations, 2010 recognises REC as the valid instrument to fulfil its RPO. Accordingly, the cost incurred for REC procurement needs to be allowed as per actuals.

Commissions view:

The response of the petitioner is noted.

19. O&M Expenses

The Objector has stated that the Commission approved O&M expenses in the MYT Order at Rs. 1.38 crore for sale of 187.92 MUs, whereas TEL-D sold only 55.70 MUs, procured 58.92 MUs and incurred expenses of Rs. 2.33 crore, which comes to Rs. 0.43 / kWh, against Rs. 0.07 / kWh approved by the Commission. The O&M cost of Dahej is the highest in the world. The Objector has also stated the O&M expenses of DGVCL are Rs. 217.58 crore for sale of 10,563 MU, which comes to Rs. 0.21 / kWh as mentioned in truing up for FY 2011-12. The Commission is requested to find out the facts as to how the O&M for TEL-D is 100% more than that of DGVCL.

Response of TEL-D:

The Petitioner refutes all the allegations and submits that the O&M costs are the actual costs incurred by it. The Petitioner has explained the reasons for variation between the actual and approved O&M costs due to factors such as network and business growth, along with high inflation.

Commissions view:

The issue is examined and appropriate decision taken.

20. Comparison of unit rate with DGVCL rate

The Objector has sought to compare the contribution per unit rate of the Petitioner with that of DGVCL

Response of TEL-D:

The SEZ is the new area and the Petitioner is developing the new network. However, the units in the SEZ area are still in the construction phase. Therefore, the comparison with DGVCL is not relevant.

Commissions view:

The response of the petitioner is noted.

4. Truing up of FY 2011-12

The Petitioner, in its petition for Truing-up of FY 2011-12, has furnished the actuals of energy sales, expenditure and revenue for FY 2011-12 based on the Audited Annual Accounts for FY 2011-12. It is submitted that the Truing-up of FY 2011-12 is on the basis of audited accounts.

The Commission has analysed the components of the actual energy sales, expenses and revenue under Truing-up for FY 2011-12.

GERC (MYT) Regulations, 2011 specify that the Commission shall undertake the Truing-up of expenses and revenue of licensee for the previous year, i.e., FY 2011-12, based on actuals as per Audited Accounts for FY 2011-12 and approved values for FY 2011-12 in the MYT order.

4.1 Energy Sales

Petitioner's Submission:

The Petitioner has submitted that the actual energy sales for FY 2011-12 are 55.70 MU, as against the approved sales of 187.92 MU in the MYT Order dated 12th December 2011.

Table 4.1: Actual Energy Sales for FY 2011-12

Particulars	Approved in the MYT Order for FY 2011-12	Actual for FY 2011-12
Energy Sales (MU)	187.92	55.70

It is submitted by the Petitioner that the variation in energy sales is mainly because of delay in development of SEZ units due to domestic and international economic slowdown and changes in the tax structure.

Commission's Analysis:

In view of what has been stated above by the Petitioner, the Commission approves the energy sales of 55.70 MU for FY 2011-12.

4.2 Distribution Loss

Petitioner's Submission

The Petitioner has submitted that it has been making all efforts to contain the distribution losses. Consequent to the efforts, it has outperformed on the distribution losses upfront. The distribution losses are 0.97%, as against 3.0% approved in the MYT Order

Commission's Analysis

The TEL-D has submitted that the actual distribution loss is 0.97% as against 3.00% approved in MYT order.

The Commission approves the distribution loss of 0.97% for FY 2011-12, as per actuals.

4.3 Energy Requirement

Petitioner's submission

Based on the energy sales and the actual transmission and distribution loss for FY 2011-12, the Petitioner has calculated the energy requirement for FY 2011-12. The energy requirement, as approved for FY 2011-12 in the MYT Order and actuals now submitted by the Petitioner, are as given in Table 4.2 below:

Table 4.2 Energy Requirement as Submitted by TEL-D for FY 2011-12

Sl. No.	Particulars	Unit	As approved in MYT Order for FY 2011-12	FY 2011-12 (Actual)
1	Energy Sales	MU	187.92	55.70
2	Distribution Loss	MU	5.81	0.55
		(%)	3.00	0.97
3	Energy Requirement	MU	193.73	56.24
4	Transmission Loss	MU	8.32	2.69
5	Total Energy to be input to the transmission system	MU	202.05	58.93

It is submitted by TEL-D that as against the approved energy requirement of 202.05 MU for FY 2011-12 with transmission loss of 8.32 MU and estimated distribution loss of 3.0%, the actual energy requirement is 58.93 MU, based on actual distribution loss of 0.97% and transmission loss of 2.69 MU.

Commission's Analysis

The Commission has approved the distribution loss at 0.97% in Para 4.2 above. The Commission computed the energy requirement with distribution loss of 0.97% (0.55 MU) and transmission loss of 2.69 MU for FY 2011-12, based on actuals, as given in Table 4.3 below:

Table 4.3: Energy Requirement Approved by the Commission for Truing-up for FY 2011-12

Sl. No	Particulars	Unit	Approved in MYT Order for FY 2011-12	Actuals Submitted in Truing-up for FY 2011-12	Approved in truing up for FY 2011-12
1	Energy Sales	MU	187.92	55.70	55.70
2	Distribution Loss	MU	5.81	0.55	0.55
		%	(3.0)	(0.97)	(0.97)
3	Energy Requirement	MU	193.73	56.24	56.24
4	Transmission Loss	MU	8.32	2.69	2.69
5	Energy Required	MU	202.05	58.93	58.93

The Commission approves the energy requirement of 58.93 MU for Truing-up for FY 2011-12 as per actuals.

4.4 Availability of Power and Power Purchase Cost

Petitioner's submission

TEL-D has submitted that the requirement of power is being met from GUVNL.

The availability of power and power purchase cost, as per MYT order and actuals, are given in Table 4.4 below:

Table 4.4: Availability of Power and Power Purchase Cost for FY 2011-12

Sr. No.	Particulars	FY 2011-12	
		Approved in MYT order for FY 2011-12	Actual
1	GUVNL (MU)	202.05	60.33
2	Less: UI (MU)	-	1.40
3	Total Energy Available (MU)	202.05	58.93
4	Power Purchase Cost from GUVNL (Rs. Crore)	90.92	26.79
5	REC	-	0.93
6	Total Power Purchase Cost (Rs. Crore)	90.92	27.72

It is submitted by TEL-D that the variation in Power Purchase Cost from MYT Order is on account of variation in sales and variation in actual cost with respect to base rate during the year.

Commission's Analysis

As verified from the Annual Accounts for FY 2011-12, TEL-D has incurred power purchase cost of Rs. 27.72 crore including REC 0.93 crore during FY 2011-12.

The Commission, accordingly, approves the power purchase cost of Rs. 27.72 crore in the Truing-up for FY 2011-12.

4.5 Fixed Charges

4.5.1 Operations and Maintenance (O&M) expenses

TEL-D has claimed Rs. 2.33 crore on O&M expenses against Rs. 1.38 crore of composite O&M expenses approved for FY 2011-12 in the MYT order dated 12th December, 2011.

Petitioner's submission

TEL-D has submitted that the O&M expenses of Rs. 1.38 crore were approved for FY 2011-12 in the MYT order based on the O&M expenses (actual) incurred during the first half year of FY 2011-12 on pro-rata basis. The O&M expenses so approved for FY 2011-12 have been escalated at 5.72% to determine the O&M expenses for each year of the control period. But the actual weighted average inflation rate was 8.66% for FY 2011-12, considering 60% and 40% weight to WP I & CP I respectively. TEL-D has further submitted that the increase in O&M expenses is on account of growth in the network coupled with higher rate of inflation. TEL-D has further mentioned that the entire variation in O&M expenses should be considered as uncontrollable due to difference in estimated and actual inflation rate coupled with business growth.

TEL-D has claimed a sum of Rs. 2.33 crore towards actual O&M expenses in the truing up for FY 2011-12, as shown in Table below:

Table 4.5: O&M expenses of TEL-D Claimed for FY 2011-12

(Rs. Crore)

Sl. No.	Particulars	Approved in the MYT order for FY 2011-12	Actual claimed in Truing-up for FY 2011-12
1.	O&M Expense	1.38	2.33

Commission's Analysis

The O&M expenses for FY 2011-12, as per audited annual accounts, are Rs. 2.33 crore. It is noted by the Commission that for FY 2011-12, the Commission had approved Rs. 1.38 crore as O&M expenses against sale of 187.92 MUs. While the actual O&M expenses is Rs. 2.33 crore against the sale of 55.70 MUs. Accordingly, the per unit O&M expenses is quite high than approved and compared to other Discoms. TEL-D is hereby directed to take the necessary actions to minimize the O&M expenses.

The Commission approves the O&M expenses at Rs. 2.33 crore in the truing up for FY 2011-12 in line with the Audited Accounts.

With regard to variation in the O&M expenses, the Commission considers the variation in O&M expenses as controllable in accordance with the Regulation 23.2 (h) of GERC (MYT) Regulations, 2011.

The O&M expenses and the Gains / Losses approved in the truing up for FY 2011-12 are given in the Table below:

Table 4.6: O&M expenses and Gains / (Losses) approved in truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing –up for FY 2011-12	Deviation + / (-)	Gains / (losses) due to Controllable factor	Gains / (losses) due to uncontrollable factor
1	O&M Expense	1.38	2.33	(0.95)	(0.95)	-

4.5.2 Capital expenditure, Capitalization and Sources of Funding

The TEL-D has furnished the actual capital expenditure at Rs. 47.50 crore in the truing up for FY 2011-12 as against Rs. 158.10 crore approved in the MYT order for FY 2011-12, as detailed in the Table below:

Table 4.7: Capital expenditure claimed by TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	EHV	53.29	0.90
2	HT Network	94.07	45.84
3	Others	10.75	0.75
4	**Total**	**158.10**	**47.50**

Petitioner's submission

Capital Expenditure and Capitalization

Capital Expenditure

TEL-D has submitted that the capital expenditure incurred in Dahej Supply Area was lower than the approved value, i.e., actual expenditure of Rs. 47.50 crore, as against Rs. 158.10 crore approved in the MYT order for FY 2011-12. It is submitted that looking at the slower pace of development of units located at Dahej SEZ, it has deferred its Capex to the future years. TEL-D has indicated the major variances in the actual expenditure against the approval as detailed below:

a. EHV Network (220 kV):

TEL-D has incurred an expenditure of Rs. 0.90 crore against Rs. 53.29 crore approved due to deferment of expenses, considering the overall scenario at Dahej SEZ. The cost of 220 kV D/C Line from DGEN to West side of the SEZ amounting to Rs. 8 crore has been deferred to FY 2017-18. Further, the Corridor Cost from DGEN to West side of the SEZ, amounting to Rs. 1.65 crore, has also been deferred to FY 2012-13. Similarly, the 220 KV D/C line from GETCO to DGEN, amounting to Rs. 4 crore, was considered in FY 2011-12 but it has been deferred to FY 2013-14.

Additionally, the expenses of Rs. 25.37 crore estimated to be incurred in FY 2011-12 towards the 220 KV Switchyard with two 220/33 KV, 75 MVA ICTS have now been deferred to FY 2012-13. Civil cost for Control Room building and 220 KV bays of Rs. 13 crore has been deferred to FY 2012-13 from FY 2011-12.

b. 33 KV and 11 KV Network (HT Network):

The actual expenses incurred are Rs. 45.94 crore against Rs. 94.07 crore approved in the MYT order. The variation is on account of deferment of expenses from FY 2011-12. The Petitioner had expected about 69 consumers in FY 2011-12, but during the period, only 53 consumers registered. Thus, certain projects like 33 KV Substation (East side), which was proposed to be executed in FY 2012-13 at a cost of Rs. 6.42 Crore, has been deferred to FY 2012-13.

Also, the Petitioner had initially planned for 10 Distribution Substations in FY 2011-12 at a cost of Rs. 2.23 crore. However, due to lower number of consumers and lower growth, only 5 substations have been Commissioned.

Additionally, the estimated expenditure of Rs. 2 Crore for civil cost of 33 KV substations (East side) has been deferred from FY 2011-12.

c. Others:

The expenditure of Rs. 7.14 Crore proposed for Automation & SCADA and Rs. 1.18 Crore towards GIS have been deferred to a future date.

Capitalization

The TEL-D has claimed a sum of Rs. 47.50 crore towards capitalisation during FY 2011-12.

Commission's Analysis

Capital Expenditure and Capitalization

The net addition of assets during FY 2011-12 is Rs. 47.50 crore, as verified from the audited annual accounts of TEL-D for the FY 2011-12.

The Commission observes that the petitioner has capitalised a lower amount, as against the amount considered by the Commission in the MYT order for FY 2011-12.

The Commission directs the petitioner to prepare a realistic capital expenditure plan, along with proper timelines for the ensuing years, to ensure that ARR is not inflated. Further, the cost of 220 kV line from GETCO to DGEN should be considered as part of the DGEN cost instead of attributing it to distribution.

The Commission approves the capitalisation at Rs. 47.50 crore in the truing up for FY 2011-12 and source of funding as given in the Table below:

Table 4.8: Approved capitalization and sources of funding for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing –up for FY 2011-12
1	Capital Expenditure	158.10	-
2	Capitalization during the year	91.98	47.50
3	Less: SLC	6.60	1.54
4	Balance capitalization	85.38	45.96
5	Normative Debt @ 70% of Sl. No.4	59.77	32.17
6	Normative Equity @ 30% of Sl. No.4	25.61	13.79

4.5.3 Interest expenses

The TEL-D has claimed a sum of Rs. 3.08 crore towards actual interest expenses in the truing up for FY 2011-12, as detailed in the Table below, against Rs. 3.77 crore approved in the MYT Order for FY 2011-12.

The details of computation of interest submitted by TEL-D are given in the Table below:

Table 4.9: Interest expense claimed for FY 2011-12 for TEL-D

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order
1	Capitalisation during the Year	47.50
2	Less: SLC addition	1.54
3	Normative Debt @ 70%	32.17
4	Opening Balance	7.49
5	Less: Repayment	1.46
6	New Borrowings	32.17
7	Closing Balance	38.21
8	Interest Expenses @ 13.50%	3.08

Petitioner's submission

The TEL-D has submitted that the Commission, in its order in Case No. 1177/2011, had revised the interest expenses, based on TEL-D's proposal, considering the estimated capital expenditure.

The petitioner has further submitted that the GERC (MYT) Regulations, 2011, provide for calculation of interest expenses on normative basis considering the amount of depreciation of assets created as the amount of repayment. During FY 2011-12, TEL-D has submitted that it has funded the capitalisation during the year without any corresponding debt component and requested to consider 70% of the capitalisation as normative debt and allow the normative interest of 13.50% as per applicable interest rate for debt availed for existing works in progress. TEL-D has considered the repayment equivalent to the depreciation for the year.

Commission's Analysis

TEL-D has submitted that it has funded the capitalisation without any corresponding debt and requested for interest on normative debt based on actual capitalisation achieved during FY 2011-12. However, TEL-D has claimed interest at 13.50%, as against 10.50% approved in the MYT order. The Commission considers the interest of 10.50% as approved in the MYT order in the absence of actual loan portfolio.

The opening loan of Rs. 7.49 crore, as approved in the MYT Order, is considered in the Truing up for FY 2011-12.

The Commission has recomputed the interest on loan for FY 2011-12, as detailed in the Table below:

Table 4.10: Interest approved by the Commission in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order
1	Opening Loan	7.49
2	New loan during the year	32.17
3	Repayment during the year	1.56
4	Closing loan	38.10
5	Average loan	22.79
6	Rate of interest	10.50%
7	Interest	2.39
8	Other borrowing costs	-
9	Total interest and finance charges	2.39

The Commission, accordingly, approves the interest and finance charges at Rs. 2.39 crore in the truing up for FY 2011-12.

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

The Commission, accordingly, approves the Gains / Losses on account of interest and finance charges in the truing up for FY 2011-12 as detailed in the table below:

Table 4.11: Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Interest on Loans	3.77	2.39	1.38	-	1.38

4.5.4 Interest on security deposit

The TEL-D has claimed a sum of Rs. 0.53 crore towards interest on security deposit in the truing up for FY 2011-12 against Rs. 0.58 crore approved in the MYT Order for FY 2011-12, as detailed in the Table below:

Table 4.12: Interest on security deposit claimed for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing up for FY 2011-12
1	Interest Rate	6%	6%
2	Interest on Security Deposit	0.58	0.53

Petitioner's submission

The TEL-D has submitted that the actual interest expense on the security deposit is Rs. 0.53 crore, against Rs. 0.58 approved in the MYT order, for FY 2011-12. TEL-D has further submitted that the variation in interest on security deposit is uncontrollable.

Commission's Analysis

The Commission has verified the actual interest on security deposit with the audited annual accounts and found that the actual interest is Rs. 0.53 crore.

The Commission, accordingly, approves the interest on security deposit at Rs. 0.53 crore in the truing up for FY 2011-12.

The deviation of Rs. 0.05 crore is considered to be a gain on account of uncontrollable factors as detailed in the Table below:

Table 4.13: Approved Gains / (Losses) due to interest paid on security deposit in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Interest on Security Deposit	0.58	0.53	0.05	-	0.05

4.5.5 Interest on working capital

The TEL-D has not claimed any sum towards interest on working capital, as against Rs. 0.01 crore approved in the MYT Order for FY 2011-12, as detailed in the Table below:

Table 4.14: Interest on working capital claimed by for TEL-D for FY 2011-12

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	O&M expenses for 1 month	0.12	0.19
2	1% of GFA for Maintenance spares	0.13	0.13
3	Receivables for 1 month	9.57	3.16
4	Less: Security Deposit	(9.73)	(8.66)
5	Normative Working Capital	0.09	(5.17)
6	Interest Rate	13%	13%
7	Interest on working Capital	0.01	

Petitioner's submission

The TEL-D has submitted that the interest on working capital worked out to be negative due to reduction in receivables.

Commission's Analysis

The Commission has examined the interest on working capital claimed by TEL-D for FY 2011-12. For computation of Interest on Working Capital, TEL-D has considered opening balance of the security deposit amounting to Rs. 8.66 crore while the Commission has considered the average security deposit amounting to Rs. 9.34 crore.

Regulation 41.2 (b) of MYT Regulations, 2011 specifies that interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the

Financial year in which the petition is filed. The Commission had taken into consideration the rate of Interest at 11.75% prevailing at the time the MYT Petition was filed. The Commission decides to consider the rate SBAR prevailing as on 1st April of the financial year for which Truing up is being done, as rate considered in MYT Order is not appropriate for the truing up. The SBAR as on 1st April, 2011 is 13%. The Commission, accordingly, takes into consideration the SBAR of 13% in computation of Interest in Working Capital for FY 2011-12.

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

Table 4.15: Interest on working capital approved for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Actual claimed in Truing-up for FY 2011-12	Approved in Truing-up for FY 2011-12
1	O&M expenses for 1 month	0.19	0.19
2	1% of GFA for Maintenance spares	0.13	0.13
3	Receivables for 1 month	3.16	2.97
4	Less: Security Deposit (Avg.)	8.66	9.34
5	Normative Working Capital	(5.17)	(6.05)
6	Interest Rate	13%	13%
7	Interest on Working Capital	Nil	Nil

The Commission, accordingly, approves the interest on working capital at Nil in the truing up for FY 2011-12, as detailed in the above Table.

The deviation is Rs. 0.01 crore and is assessed as a gain. The Commission considers the interest on working capital as uncontrollable, since the components contributing for working capital are mostly uncontrollable.

The Commission, accordingly, approves the Gains / Losses on account of interest on working capital in the truing up for FY 2011-12, as detailed in the Table below:

Table 4.16: Interest on working capital approved for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Interest on Working Capital	0.01	-	0.01	-	0.01

4.5.6 Depreciation

The TEL-D has claimed a sum of Rs. 1.46 crore towards depreciation in the truing up for FY 2011-12, against Rs. 2.85 crore approved in the MYT Order for FY 2011-12, as detailed in the Table below:

Table 4.17: Depreciation claimed by TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing-up for FY 2011-12
1	Depreciation	2.85	1.46

Petitioner's submission

The TEL-D has submitted that the depreciation rates as per CERC (Terms and Conditions of Tariff) Regulations, 2009 are applied on the opening GFA and for the assets capitalised during the year the depreciation has been worked out on Pro-rata basis.

Commission's Analysis

The Petitioner has computed the depreciation for FY 2011-12 by applying CERC depreciation rates, asset classification wise. As observed from note 7 of the audited accounts, depreciation for the year has been shown after reducing the proportion of the amount of depreciation provided on assets created against the service line contribution.

The Commission, accordingly, approves the depreciation at Rs. 1.46 crore in the truing up for FY 2011-12 as per audited annual accounts.

As noted in Para 4.5.3 above, the Commission is of the view that depreciation should be treated as uncontrollable. The Commission, accordingly, approves the Gains / (Losses) on account of depreciation in the Truing up for FY 2011-12, as detailed in Table below:

Table 4.18: Depreciation and Gains / (Losses) due to depreciation approved in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing – up for FY 2011-12	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Depreciation	2.85	1.46	1.39	-	1.39

4.5.7 Return on equity

TEL-D has claimed a sum of Rs. 1.44 crore towards return on equity @ 14% in the truing up for FY 2011-12, as against Rs. 2.27 crore approved in the MYT Order for FY 2011-12, as detailed in the Table below:

Table 4.19: Return on equity claimed for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing–up for FY 2011-12
1	Opening equity	3.38	3.38
2	Equity addition during the year	25.61	13.79
3	Closing equity during the year	29.00	17.17
4	**Return on equity @ 14%**	**2.27**	**1.44**

Petitioner's submission

TEL-D has submitted that the closing balance of equity has been arrived at considering the additional equity of 30% of the capitalisation during the year. The return on equity has been thus computed applying a rate of 14% on the average of the opening and closing balance of equity for FY 2011-12.

Commission's Analysis

The opening equity for FY 2011-12 is as per the closing equity for FY 2010-11 approved in the Truing Up for FY 2010-11, and the closing balance of equity has been arrived at considering the additional equity of 30% of the capitalisation during the year. The return on equity has been thus computed applying a rate of 14% on the average of the opening and closing balance of equity for FY 2011-12.

The Commission, accordingly, approves the return on equity at Rs. 1.44 crore in the truing up for FY 2011-12, as given in the Table below:

Table 4.20: Return on equity approved for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Actual claimed in Truing –up for FY 2011-12	Approved in Truing for FY 2011-12
1	Opening equity	3.38	3.38
2	Equity addition during the year	13.79	13.79
3	Closing equity during the year	17.17	17.17
4	Average Equity	10.27	10.27
5	Return on Equity @ 14%	1.44	1.44

As noted in Para 4.5.3 above, the Commission is of the view that the Return on Equity should be treated as uncontrollable. The Commission, accordingly, approves the Gain / Losses on account of return on equity in the Truing up for FY 2011-12, as detailed in Table below:

Table 4.21: Return on equity and Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing –up for FY 2011-12	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Return on Equity	2.27	1.44	0.83	-	0.83

4.5.8 Income Tax

The TEL-D has claimed a sum of Rs. 0.37 crore towards income tax in the truing up for FY 2011-12, as against Rs. 0.00 crore approved in the MYT Order for FY 2011-12, as detailed in the Table below:

Table 4.22: Income Tax claimed for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Income Tax	0.00	0.37

Petitioner's submission

The TEL-D has revised the income tax by applying the MAT rate of 20.01% on the PBT, as per audited accounts. TEL-D has also submitted that the variation in Income Tax be considered as uncontrollable.

Commission's Analysis

As verified from the audited annual accounts, against the Tax expenses the current tax is shown as Rs. 0.40 crore.

The Commission, accordingly, approves the income tax at Rs. 0.40 crore in the truing up for FY 2011-12.

The Commission has treated the income tax as an uncontrollable expense and, accordingly, approved the Gains / Losses on account of income tax in the truing up for FY 2011-12, as detailed in the Table below:

Table 4.23: Income tax and Gains / (Losses) due to income tax approved in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing –up for FY 2011-12	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Income Tax	0.00	0.40	(0.40)	-	(0.40)

4.5.9 Bad debt written off

TEL-D has claimed NIL towards bad debts written off in the truing up for FY 2011-12, as against NIL approved in the MYT order for FY 2011-12, as detailed in the Table below:

Table 4.24: Bad debts written off claimed for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Bad Debts written off	-	-

Petitioner's submission

The Petitioner has submitted that it has not written off any bad debts during FY 2011-12.

Commission's Analysis

The Commission has verified that the bad debts written off with reference to the audited annual accounts for FY 2011-12 are Nil.

4.5.10 Contingency Reserve

Petitioner's submission

TEL-D has proposed the contingency reserve at Rs. 0.30 crore in the truing up for FY 2011-12 as against Rs. 0.85 crore approved in the MYT order for FY 2011-12, as detailed in the Table below:

Table 4.25: Contingency Reserve claimed for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Contingency Reserve	0.85	0.30

Commission's Analysis

While verifying the Audited Accounts of FY 2011-12, the Commission noted that no provision of contingency reserve is made by TEL-D though it was already approved by the Commission in MYT Order dated 12th December, 2011.

The Commission, accordingly, approves the contingency reserve as NIL in the truing up for FY 2011-12 and the deviation in the contingency reserve is considered as a gain on account of uncontrollable factors.

Table 4.26: Contingency reserve and Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing –up for FY 2011-12	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Contingency Reserve	0.85	0.00	0.85	-	0.85

4.5.11 Non-Tariff income

The TEL-D has furnished the non-tariff income at Rs. 0.69 crore in the truing up for FY 2011-12, as against Rs. 0.19 crore approved in the MYT order for FY 2011-12 as detailed in the Table below:

Table 4.27: Non-Tariff income claimed for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Non-Tariff Income	0.19	0.69

Petitioner's submission

The Petitioner has submitted that the actual non-tariff income for FY 2011-12 is Rs. 0.69 crore, which is an uncontrollable item.

Commission's Analysis

The Commission has verified the non-tariff income with the audited annual accounts for FY 2011-12 and found it to be Rs. 0.69 crore.

The Commission, accordingly, approves the non-tariff income at Rs. 0.69 crore in the truing up for FY 2011-12.

The deviation in non-tariff income of Rs. 0.50 crore is assessed as a gain and is considered as an uncontrollable item.

The Commission, accordingly, approves the Gains / Losses on account of non-tariff income in the truing up for FY 2011-12, as detailed below:

Table 4.28: Non-tariff income and Gains / (Losses) approved in the truing up for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Approved in Truing –up for FY 2011-12	Deviation +/(-)	Gains / (Losses) due to controllable factor	Gains / (Losses) due to uncontrollable factor
1	Non-Tariff Income	0.19	0.69	(0.50)	-	(0.50)

4.5.12 Revenue from sale of power

Petitioner's submission

The TEL-D has submitted that the revenue from sale of power at Rs. 37.96 crore in the truing up for FY 2011-12, as against Rs. 114.89 crore approved in the MYT order for FY 2011-12, as detailed in the Table below:

Table 4.29: Revenue with existing tariff claimed for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing –up for FY 2011-12
1	Revenue from existing tariff	114.69	37.96

Commission's Analysis

In additional details submitted by TEL-D, the Commission observed that the revenue from power supply is Rs. 37.96 crore, which includes Rs. 0.90 crore as UI sales.

The Commission considers the revenue from sale of power at Rs. 37.96 crore, as submitted by TEL-D for FY 2011-12.

4.5.13 Gains / Losses under truing up for FY 2011-12

The Commission has reviewed the performance of TEL-D under Regulation 22 of MYT Regulations, 2011, with reference to audited annual accounts for FY 2011-12.

The Commission has computed the Gains / Losses for FY 2011-12 based on the truing up for each of the components discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the MYT order dated 12th December, 2011 and the actuals claimed in truing up, approved for truing up, Gains / Losses computed in accordance with the MYT Regulations, 2011, are as given in the Table below:

Table 4.30: ARR approved in respect of TEL-D in the truing up or FY 2011-12

(Rs. crore)

Sl. No	Particulars	Approved for FY 2011-12 in MYT order	Claimed in Truing -up for FY 2011-12	Approved in Truing up for FY 2011-12	Deviation +/(-)	Gains/(Losses) due to controllable factors	Gains/ (Losses) due to uncontrollable factors
1	**2**	**3**	**4**	**5**	**6=(3-5)**	**7**	**8**
1	Power purchase Cost	90.92	27.72	27.72	63.20		63.20
2	Operation and Maintenance expenses	1.38	2.33	2.33	(0.95)	(0.95)	
3	Depreciation	2.85	1.46	1.46	1.39		1.39
4	Interest on Loans	3.77	3.08	2.39	1.38		1.38
5	Interest on working capital	0.01	0.00	0.00	0.01		0.01
6	Interest on Security Deposit	0.58	0.53	0.53	0.05		0.05
7	Provision for bad debts	0.00	0.00	0.00	0.00	0.00	
8	Contingency Reserve	0.85	0.30	0.00	0.85		0.85
9	Return on equity	2.27	1.44	1.44	0.83		0.83
10	Income Tax	0.00	0.37	0.40	(0.40)		(0.40)
11	**Total expenditure**	**102.63**	**37.23**	**36.27**	**66.36**	**(0.95)**	**67.31**
12	Less: Non-Tariff income	0.19	0.69	0.69	(0.50)		(0.50)
13	**Aggregate Revenue Requirement**	**102.44**	**36.54**	**35.58**	**66.86**	**(0.95)**	**67.81**

4.5.14 Sharing of Gains / Losses for FY 2011-12

The Commission has analysed the gains / losses on account of controllable and uncontrollable factors.

The relevant Regulations are extracted below:

Regulation 24. Mechanism for pass-through of gains or losses on account of uncontrollable factors

24.1 The approved aggregate gain or loss to the Generating Company, or Transmission Licensee or Distribution Licensee, on account of uncontrollable factors, shall be passed through as an adjustment in the Tariff of the Generating Company or Transmission Licensee or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

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

24.3 Nothing contained in this Regulation 24 shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase which shall be dealt with as specified by the Commission from time to time.

Regulation 25: Mechanism for sharing of gains or losses on account of controllable factors

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

One-third of the amount of such gain shall be passed on as a rebate in Tariffs over such period as may be specified in the Order of the Commission under Regulation 22.6;

The balance amount, which will amount to two-thirds of such gain, may be utilised at the discretion of the Generating Company or Transmission Licensee or Distribution Licensee.

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

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

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

The loss on account of controllable factors is arrived at Rs. 0.95 crore for FY 2011-12. Out of this, one-third loss of Rs. 0.32 crore is to be passed on to the consumers and two-third loss of Rs. 0.63 crore is to be bear by TEL-D. The entire gain of Rs. 67.81 crore on account of uncontrollable factors shall be passed on to the consumers through an adjustment in the tariff. The revised ARR after giving the effect of gain / loss due to controllable and uncontrollable factors for FY 2011-12 is summarised in the Table below:

Table 4.31: Revised ARR approved for TEL-D for FY 2011-12

(Rs. crore)

Sl. No.	Particulars	FY 2011-12
1	ARR approved in the MYT order for FY 2011-12	102.44
2	Add: Loss on account of controllable factors to be passed on to the consumers (1/3rd)	0.32
3	Less: Gain on account of uncontrollable factor to be passed on to consumers	67.81
4	Revised ARR for FY 2011-12	34.95

The Commission does not consider the carrying cost claimed for TEL-D as there is no such provision in MYT Regulations.

The following Table summarises the revenue gap for TEL-D up to FY 2011-12.

Table 4.32: Revenue gap for TEL-D up to FY 2011-12

(Rs. crore)

Sl. No.	Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing-up for FY 2011-12	Approved in Truing up for FY 2011-12
	Dahej Supply Area			
1	Net Annual Revenue Requirement	102.44	36.91	34.95
2	Revenue from sale of power	114.80	37.96	37.96
3	Gap / (Surplus) of FY 2011-12	(12.36)	(1.05)	(3.01)
4	Carrying cost @ 11% considered for Gap / (surplus) till 31st March, 2013	-	(0.29)	0
5	Gap / (Surplus) of FY 2010-11	-	3.71	3.71
6	Carrying cost @ 11% till 31st March, 2013	-	1.36	0
7	**Total Revenue Gap / (Surplus) estimated for FY 2011-12 (3+4+5+6)**	**-**	**3.73**	**0.70**

The TEL-D has projected a revenue gap of Rs. 3.73 crore in the truing up for FY 2011-12, as shown in Table 4.32 above. This includes Rs. 3.71 crore towards revenue gap as a result of truing up for FY 2010-11 and carrying cost on the projected revenue gap. TEL-D has claimed Rs. 1.36 crore carrying cost on the revenue gap of Rs. 3.71 crore arrived at in the truing up for FY 2010-11. Similarly, TEL-D has considered the carrying cost of Rs. 0.29 crore on the projected surplus of Rs. 1.05 crore in the truing up for FY 2011-12.

The Commission has arrived at a revenue surplus of Rs. 3.01 crore, as detailed in the above Table in the truing up of FY 2011-12. As there is no provision for carrying cost in the GERC (MYT) Regulations, 2011, the Commission has not considered the claim of carrying cost of TEL-D. Considering the gap of Rs. 3.71 crore approved during truing up for FY 2010-11, the consolidated revenue gap up to FY 2011-12 is computed as Rs. 0.70 crore, as shown in table above.

5. Tariff Determination for FY 2013-14

5.1 Introduction

This Chapter deals with the determination of revenue gap/surplus for FY 2013-14 for TEL-D. TEL-D has submitted that there has been variation in sales with respect to MYT approved estimates due to lower demand on account of delay in development of SEZ Units. The delay is mainly attributable to the domestic and international economic slowdown and changes in the tax structure. TEL-D has further submitted that due to the above reasons, the approved ARR for FY 2013-14 should not be considered for determination of retail tariff since the likely sales would be substantially lower than the sales approved in the MYT order for FY 2013-14. TEL-D has also submitted that if the MYT approved estimates are considered, there could be a surplus and this may not materialise due to significant reduction in demand. The Petitioner has sought to submit the revised estimates of demand and ARR for the balance control period during the mid-term review exercise.

The Commission is of the view that the existing GERC (MYT) Regulations, 2011, do not provide for any revision of ARR approved for the MYT period and the circumstances do not warrant any special relaxation when the ARR approved for each year of the MYT period is subject to truing up, based on audited annual accounts.

The Commission has considered the ARR approved in the MYT order dated 12th December, 2011 for FY 2013-14

5.2 Approved ARR for FY 2013-14

Based on the above approach, the Table below summarises the Annual Revenue Requirement as approved by the Commission for the FY 2013-14 in the MYT Order dated 12th December, 2011. Detailed analysis of each expense head has already been provided in the MYT Order.

Table 5.1: Approved ARR for FY 2013-14

(Rs. crore)

Sl.No.	Particulars	FY 2013-14
1	Power Purchase Cost	602.61
2	O & M Expenses	1.54
3	Depreciation	12.65
4	Interest on Loan	14.75
5	Interest on security deposit	2.80
6	Interest on Working Capital	1.45
7	Return on Equity	9.50
8	Income Tax	-
9	Bad Debts	-
10	Contingency Reserve	1.35
11	Les: Non-Tariff Income	0.20
12	**Net ARR**	**646.45**

5.3 Proposed Revenue Gap/surplus for FY 2013-14

TEL-D has not submitted estimated revenue for FY 2013-14 at the existing tariff. TEL-D has submitted that the sales in Dahej SEZ would be substantially lower than the sales approved in the MYT order and as per MYT approved sales there could be a surplus for FY 2013-14.

TEL-D has further submitted that increase of 10 paise / kWh considered in the Tariff of DGVCL consumers in the Tariff Order dated 2nd June, 2012 was not allowed for Dahej Supply area and mentioned that there is need to increase the tariff from the current level.

Commission Analysis

TEL-D has not submitted the revenue for FY 2013-14 with the existing tariff. TEL-D has mentioned that the sales would be lower in FY 2013-14 than that approved in the MYT order. TEL-D has not estimated the revised sales for FY 2013-14 and expressed there would be a surplus if the ARR and sales are considered as approved in the MYT Order for FY 2013-14.

The Commission, however, in accordance with the MYT Regulations, takes into consideration the ARR and the sales as approved in the MYT Order for FY 2013-14. The revenue is computed at existing tariff. Accordingly, the gap / surplus is calculated. The details are shown below.

Table 5.2: Estimated Revenue Gap of TEL-D for FY 2013-14

(Rs. crore)

Sl. No.	Particulars	Estimated by the Commission
1	Gap / (Surplus) of FY 2010-11	3.71
2	Gap / (Surplus) of FY 2011-12	(3.01)
3	ARR approved in the MYT Order	646.45
4	Revenue from sale of power as estimated in MYT Order including FPPPA Revenue @ Rs. 0.62 per unit	666.09
5	Gap / (Surplus) (3-4) of FY 2013-14	(19.64)
6	Consolidated Gap / (Surplus) up to FY 2013-14	(18.94)

5.4 Tariff for FY 2013-14

Petitioner's Submission

TEL-D has submitted that the approved ARR for FY 2013-14 should not be considered for retail tariff determination as the sales in the SEZ would be substantially lower than the sales approved in the MYT order. It is submitted that the Commission has allowed TEL-D to charge Tariff (including FPPPA) as was applicable for DGVCL for FY 2011-12. But the Commission has not allowed TEL-D to charge the increased Tariff of DGVCL for FY 2012-13.

TEL-D has requested the Commission to allow it to recover the Tariff (including FPPPA) from its consumers as may be made applicable to DGVCL consumers from 1st April, 2013.

Commission's Analysis

TEL-D has not submitted the revenue for FY 2013-14 with the existing tariff. Therefore, for the purpose of estimating the gap / surplus for FY 2013-14, the Commission has considered the revenue as estimated in the MYT Order dated 12th December, 2011. Accordingly, the Commission has estimated a surplus of Rs. 19.64 crore for FY 2013-14. Considering the gap / surplus of previous years FY 2010-11 and FY 2011-12, the Commission computed the consolidated surplus of Rs. 18.94 crore up to FY 2013-14.

In the MYT Order dated 12th December, 2011, the Commission had allowed increase in tariff for TEL-D area for FY 2011-12 and the same tariff has continued till now. With this increased tariff the surplus will be still more and as such the Commission does not feel any necessity to allow any increase in tariff for TEL-D for FY 2013-14.

Hence, the Commission decides to continue the existing tariff schedule approved in Tariff Order dated 21st August, 2012 with some minor changes. The approved retail supply tariff schedule for TEL-D is annexed to this Order.

5.5 Determination of wheeling Charges

5.5.1 Allocation matrix for distribution wheeling and retail supply business

The Commission has stipulated in Regulation 88.1 of MYT Regulations, 2011, that in case the Distribution Licensee is not able to submit audited and certified separate accounts for Distribution wires and supply business, the allocation matrix, as provided under Regulation 81, shall be applicable. The same is reproduced below:

Table 5.3: Allocation Matrix for Distribution Wheeling and Retail Supply Business

Sl. No.	Particulars	Wires Business (%)	Retail supply Business (%)	Total (%)
1	Power Purchase Expenses	0	100	100
2	Standby Charges	0	100	100
3	Employee Expenses	60	40	100
4	Administration & General Expenses	50	50	100
5	Repair & Maintenance Expenses	90	10	100
6	Depreciation	90	10	100
7	Interest on Long Term Loan Capital	90	10	100
8	Interest on Working Capital and Consumer Security Deposit	10	90	100
9	Bad debts Written off	0	100	100
10	Income Tax	90	10	100
11	Transmission Charges Intra-State	0	100	100
12	Contribution to contingency reserves	100	0	100
13	Return on Equity	90	10	100
14	Non-Tariff Income	10	90	100

5.5.2 Segregation of wheeling and retail supply

Based on the above allocation matrix, the total ARR of TEL-D has been segregated into ARR for Wheeling and Supply businesses. The ARR for both the businesses is tabulated below:

Table 5.4: ARR for Distribution Wheeling Business

(Rs. Crore)

Sl. No.	Particulars	FY 2013-14
1	Power Purchase Expenses	0
2	O&M Expenses	0.92
3	Depreciation	11.39
4	Interest on Long Term Loan Capital	13.28
5	Interest on Working Capital and Consumer Security Deposit	0.43
6	Bad debts Written off	-
7	Income Tax	-
8	Contribution to contingency reserves	1.35
9	Return on Equity	8.55
10	Less: Non-Tariff Income	0.02
11	Aggregate Revenue Requirement	35.90

Table 5.5: ARR for Retail Supply Business

(Rs. Crore)

Sr. No.	Particulars	FY 2013-14
1	Power Purchase Expenses	602.61
2	O&M Expenses	0.62
3	Depreciation	1.27
4	Interest on Long Term Loan Capital	1.46
5	Interest on Working Capital and Consumer Security Deposit	3.82
6	Bad debts Written off	-
7	Income Tax	-
8	Contribution to contingency reserves	0
9	Return on Equity	0.95
10	Less: Non-Tariff Income	0.18
11	Aggregate Revenue Requirement	610.55

5.5.3 Wheeling charges

The Commission has computed the wheeling charges for the entire network without segregating into 33 kV, 11 kV or LT voltage-wise. The wheeling charges for FY 2013-14 are given in the Table below:

Table 5.6: Wheeling Charges for the entire Network

Sr. No.	Particulars	Units	Amount
1	Total distribution Costs (Wheeling Cost)	Rs. Crore	35.90
2	Energy Input at Distribution Level	MU	1296.22
3	Wheeling Charges	Rs. / Kwh	0.28

The wheeling loss applicable to TEL-D licensed area will be 3.00%, which is the distribution loss approved for FY 2013-14 in the MYT Order dated 12th December, 2011.

5.6 Cross subsidy surcharge

The cross subsidy surcharge for TEL-D based on the formula given in the National Tariff Policy.

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

S = Surcharge

T = Tariff payable to the relevant category of consumer

C = Weighted average cost of power purchase of top 5%.

D = Wheeling charges

L = System loss applicable

S = 5.29 - [4.35 (1+3/100) + 0.28]

= 5.29 - 4.76 = Rs. 0.53 / kWh

In case of other Discoms of the State, the cross subsidy surcharge is determined at Rs. 0.45 / kWh.

In order to ensure a level playing field for all Open Access consumers and licensees in the State, the Commission decides to keep the uniform aggregate wheeling charges and cross-subsidy surcharge for all Open Access consumers in the State.

In the case of State owned Discom, the wheeling charge and cross-subsidy surcharge works out as 12 paise/kWh and 45 paise/kWh, respectively, for the FY 2013-14. Hence, the total wheeling charges and cross-subsidy surcharge works out to 57 paise/kWh.

As the Commission has determined the wheeling charges at 28 paise/kWh, the cross-subsidy surcharge is now fixed at 29 paise/kWh for FY 2013-14 for Open Access consumers of TEL-D.

6. Compliance of Directives

6.1 Compliance of Directives

The Commission, in its Tariff order dated 21st August, 2012, has issued certain directives to TEL-D. In its Petition, TEL-D has confirmed compliance of the directives issued by the Commission. The comments of the Commission on the submission / compliance of the TEL-D are given below:

Directive: Assessment of Distribution Losses

TEL-D is directed to conduct energy audit by providing meters at all feeders and transformers to establish the loss level in the system. Actual loss level shall be presented in the next Tariff Petition.

Compliance

It is submitted that TEL-D has installed meters on all the feeders and transformers. The distribution loss measured is as per the actual energy recording.

Commission's Comments

The Commission has noted the submission of the Petition.

6.2 New Directives

Directive 1: O&M Expenses

The Commission observes that the per unit O&M expense of TEL-D is quite high than that approved and compared to other Discoms. TEL-D is hereby directed to take the necessary actions to optimize the O&M expenses.

Directive 2: Capital Expenditure and Capitalization

The Commission observes that the petitioner has capitalised a lower amount, as against the amount considered by the Commission in the MYT order for FY 2011-12.

The Commission directs the petitioner to prepare a realistic capital expenditure plan, along with proper timelines for the ensuing years, to ensure that ARR is not inflated. Further, the cost of 220 kV line from GETCO to DGEN should be considered as part of the DGEN cost instead of attributing it to distribution business.

7. Fuel and Power Purchase Price Adjustment (FPPPA) Charges

7.1 Petitioner's Submission

The TEL-D had submitted in its MYT Petition that it would be purchasing power from GUVNL under short-term arrangement up to January 2014 and later from its own generation – DGEN.

In the present Petition, TEL-D has submitted that it presently recovers the tariff (including FPPPA charges) from its consumers as may be applicable to the DGVCL consumers and proposes to continue the same practice of recovering the tariff from its consumers at the rate as may be determined by the Commission for the DGVCL consumers.

7.2 Commission's Analysis

The Commission has approved a formula for fuel and power purchase adjustment for the distribution companies to recover costs from consumers for any variation in the fuel and power purchase costs in the order dated 25th June, 2004 (Case No. 252/2003). As TEL-D does not have its own generating station, the Commission modifies the existing formula for recovery of any variation in power purchase cost by TEL-D as under:

FPPPA = [PPP1 + PPP2] □ [S.E.]

Where,

$$PPP1 = \sum_{m=1}^{k} [(VCA - VCB) \times QA];$$

Where,

PPP1	Adjustment on account of variable cost of power purchased in Rs. Millions
m	1 to k, the sources from which power is purchased
VCA	The variable cost per unit of delivered energy, computed based on the principles laid down in the power purchase agreements in Rs. / KWh

VCB	The base variable cost per unit of delivered energy from each source in Rs. / KWh
QA	The actual level of power purchases from each source in million units.

$$PPP2 = \sum_{m=1}^{k} [(FCA - FCB)]$$

Where,

PPP2	Adjustment on account of fixed cost of power purchased in Rs. Millions
m	1 to k, the sources from which power is purchased
FCA	The actual fixed cost paid in Rs. Millions
FCB	The base fixed costs payable in Rs. Millions

and

S.E. (in MU) = [(Total Sales in MU + Excess T & D loss in MU)]

Where,

Total Sales = Actual energy sold to metered categories (in MU) + Estimated energy supplied to un-metered consumers based on norms approved (in MU)

Excess T&D loss (in MU) =

{(Net Generation (in MU) + Power Purchase (in MU) – Total sales in (MU))} -

{(Net Generation (in MU) + Power Purchase (in MU)) X (%T& D loss Norm)}

Where,

% T&D loss Norm = % T&D loss level approved by the Commission.

Base price of power purchase

In MYT Order dated 12th December, 2011 in respect of TEL-D, the Commission had approved the power purchase cost of Rs. 602.61 crore for purchase of 1342.12 MUs quantum of power from GUVNL considering Rs. 4.35 / kWh as the base cost for power purchase and Rs. 0.14 / kWh as the transmission cost, i.e., aggregate power purchase cost at Rs. 4.49 / kWh for FY 2013-14.

Further, in the same order in the revenue calculation, the Commission had included Rs. 0.62 / kWh as FPPPA charges to calculate the average tariff rates for different categories.

The Commission, vide its letter No. GERC/Tech/273 dated 10th February, 2012, informed TEL-D that it should recover the FPPPA charges at 62 paise as base FPPPA plus actual FPPPA calculated as per the approved formula.

TEL-D shall adopt the above formula for FY 2013-14, with the base price of power purchase at Rs. 4.49 / kWh. TEL-D may claim any variation in the power purchase price as per the modified formula.

Information regarding FPPPA recovery and the FPPPA calculations submitted to the Commission for approval shall be displayed on the website of TEL-D as and when such a proposal is submitted by TEL-D.

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

For any claim of FPPPA, the documents for approval of FPPPA shall be submitted to the Commission within one month from end of the relevant quarter.

COMMISSION'S ORDER

Based on the truing-up for FY 2010-11 and FY 2011-12, the Commission considers the cumulative gap of Rs. 0.70 crore.

As regards the Aggregate Revenue Requirement for FY 2013-14, the Commission reiterates the ARR approved in the MYT Order dated 12th December, 2011 for TEL-D as shown in the table below:

(Rs. crore)

Sl.No.	Particulars	FY 2013-14
1	Power Purchase Cost	602.61
2	O & M Expenses	1.54
3	Depreciation	12.65
4	Interest on Loan	14.75
5	Interest on security deposit	2.80
6	Interest on Working Capital	1.45
7	Return on Equity	9.50
8	Income Tax	-
9	Bad Debts	-
10	Contingency Reserve	1.35
11	Les: Non-Tariff Income	0.20
12	**Net ARR**	**646.45**

Keeping the above in view, the retail supply tariffs for TEL distribution area for FY 2013-14 determined by the Commission are annexed to this order.

This order shall come into force with effect from the 1st May, 2013. The revised rate shall be applicable for the electricity consumption from the 1st May, 2013 onwards.

Sd/-	Sd/-	Sd/-
DR. M.K. IYER	**SHRI PRAVINBHAI PATEL**	**DR. P.K. MISHRA**
Member	Member	Chairman

Place: Ahmedabad

Date: 27th May 2013

ANNEXURE:
TARIFF SCHEDULE

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

Effective from 1st May, 2013

GENERAL

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by all the consumers of Torrent Energy Limited – Distribution in the Dahej SEZ area.

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

6. Meter charges shall be applicable as prescribed under 'GERC (Licensee's Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005 as in force from time to time.

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

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

9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be.

The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).

10. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.

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

12. Contract Demand shall mean the maximum kW for the supply of which licensee undertakes to provide facilities to the consumer from time to time.

13. Fuel Cost and Power Purchase Adjustment Charges shall be applicable in accordance with the Formula approved by the Gujarat Electricity Regulatory Commission from time to time.

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

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

16. Delayed payment charges for all consumers:

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

    Delayed payment charges will be levied at the rate of 15% per annum for the period from the due date till the date of payment.

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

PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY

AT LOW AND MEDIUM VOLTAGE

1.0 Rate: RGP

This tariff is applicable to all services in the residential premises.

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:

(a)	Up to and including 2 kW	Rs. 5/- per month
(b)	Above 2 and up to 4 kW	Rs. 15/- per month
(c)	Above 4 and up to 6 kW	Rs. 30/- per month
(d)	Above 6 kW	Rs. 45/- per month

PLUS

1.2 Energy Charges: For the total monthly consumption:

(a)	First 50 units	295 Paise per Unit
(b)	Next 50 units	325 Paise per Unit
(c)	Next 150 units	390 Paise per Unit
(d)	Above 250 units	480 Paise per Unit

1.3 Minimum bill (excluding meter charges)

Payment of fixed charges as specified in 1.1 above.

2.0 Rate: Non-RGP

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

2.1 Fixed charges per month:

(i) Up to and including 10 kW of connected load	Rs. 30/- per kW
(ii) Above 10 and up to 40 kW of connected load	Rs. 55/- per kW

PLUS

2.2 Energy charges:

(a)	For installation having contracted load up to and including 10 kW: for entire consumption during the month	390 Paise per Unit
(b)	For installation having contracted load exceeding 10 kW: for entire consumption during the month	420 Paise per Unit

2.3 Minimum Bill

Minimum bill per installation per month for consumers other than Seasonal Consumers:

Payment of Fixed Charge as specified in 2.1 above.

2.4 Minimum Bill per Installation for Seasonal Consumers

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

(b) Any consumer, who desires to be billed for the minimum charges on annual basis shall intimate to that effect in writing in advance about the off-season period during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The total period of the off-season so declared and observed shall be not less than three calendar months in a calendar year.

(c) The total minimum amount under the head “Fixed and Energy Charges” payable by the seasonal consumer satisfying the eligibility criteria under sub-clause (a) above and complying with the provision stipulated under sub-clause (b) above shall be Rs. 1600/- per annum per kW of the contracted load.

(d) The units consumed during the off-season period shall be charged for at a flat rate of 435 Paise per unit.

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

3.0 <u>Rate: LTMD</u>

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

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.

3.1 Fixed charges:

(a)	**For billing demand up to the contract demand**	
	(i) For first 40 kW of billing demand	Rs. 65/- per kW per month
	(ii) Next 20 kW of billing demand	Rs. 100/- per kW per month
	(iii) Above 60 kW of billing demand	Rs. 165/- per kW per month
(b)	**For billing demand in excess of the contract demand**	Rs. 210/- per kW

PLUS

3.2 Energy charges:

For the entire consumption during the month	425 Paise per Unit

PLUS

3.3 Reactive Energy Charges:

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

3.4 Billing Demand

The billing demand shall be highest of the following:

(a) Eighty-five percent of the contract demand

(b) Actual maximum demand registered during the month

(c) 15 kW

3.5 Minimum Bill

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

3.6 Seasonal Consumers taking LTMD Supply:

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

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

3.6.3 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. 2700/- per annum per kW of the billing demand.

3.6.4 <u>The billing demand shall be the highest of the following</u>:

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

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

(c) 15 kW.

3.6.5 Units consumed during the off-season period shall be charged for at the flat rate of 435 Paise per unit.

5.0 <u>Rate: Non-RGP Night</u>

This tariff is applicable for aggregate load up to 40kW and using electricity **<u>exclusively during night hours</u>** 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.)

5.1 Fixed Charges per month:

Fixed charges specified in Rate Non-RGP above.

PLUS

5.2 Energy Charges:

For entire consumption during the month	220 Paise per Unit

<u>NOTE:</u>

1. *10% of total units consumed and 15% of the contract load can be availed beyond the prescribed hours.*
2. *This tariff shall be applicable if the consumer so opts to be charged in place of* Non-RGP *tariff by using electricity exclusively during night hours as above.*
3. *The option can be exercised to switch over from* Non-RGP *tariff to Non-RGP Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
4. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category* Non-RGP*.*

6.0 <u>Rate: LTMD- Night</u>

This tariff is applicable for aggregate load above 40kW and using electricity **<u>exclusively during night hours</u>** 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:

Fixed charges specified in Rate **LTMD** above.

PLUS

6.2 Energy Charges:

For entire consumption during the month	220 Paise per Unit

5.3 Reactive Energy Charges:

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

<u>NOTE:</u>

1. *10% of total units consumed and 15% of the contract load can be availed beyond the prescribed hours.*
2. *This tariff shall be applicable if the consumer so opts to be charged in place of LTMD tariff by using electricity exclusively during night hours as above.*
3. *The option can be exercised to switch over from LTMD tariff to LTMD- Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
4. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category LTMD.*

7.0 <u>Rate: WWSP</u>

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

(a)	Fixed charges per month	Rs.15 per HP
	PLUS	
(b)	Energy charges per month: For entire consumption during the month	385 Paise per Unit

7.0 <u>Rate: SL</u>

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

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

7.1.1 Energy Charges:

For all the units consumed during the month:	360 Paise per Unit

7.1.2 Renewal and Replacements of Lamps:

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

7.1.3 Maintenance other than Replacement of Lamps:

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

8.0 Rate: TMP

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

8.1 FIXED CHARGE

Fixed Charge per Installation	Rs.14 per kW per Day

8.2 ENERGY CHARGE

A flat rate of	425 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.

PART-II

TARIFFS FOR SUPPLY OF ELECTRICITY AT HIGH TENSION

(3.3 KV AND ABOVE, 3-PHASE 50 C/S), 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

9.0 Rate: HTP-I

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

9.1 Demand Charges;

9.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 100/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 200/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 270/- per kVA per month

9.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 370 per kVA per month

PLUS

9.2 Energy Charges

For entire consumption during the month		
(a)	up to 500 kVA of billing demand	390 Paise per Unit
(b)	For next 2000 kVA of billing demand	410 paise per Unit
(c)	For billing demand in excess of 2500 kVA	420 Paise per Unit

PLUS

9.3 Time of Use Charges:

For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs	
(a) For Billing Demand up to 500kVA	35 Paise per Unit
(b) For Billing Demand above 500kVA	75 Paise per Unit

9.4 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

9.5 Minimum Bills:

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

9.6 Power Factor Adjustment Charges:

9.6.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges” for every 1% drop or part thereof in the average power factor during the month below 90% upto 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, will be charged.

9.6.2 Power Factor Rebate:

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

9.7 Maximum Demand and its Measurement:

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

9.8 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.

9.9 Rebate for Supply at EHV:

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

9.10 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 (recorded by a polyphase meter operated through time-switch) as is in excess of one third of the total energy consumed during the month, shall be eligible for concession at the rate of 75 Paise per unit. The polyphase meter and time switch shall be procured and installed by the consumer at his cost and sealed by the Distribution Licensee.

9.11 Seasonal Consumers taking HT Supply:

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

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

9.11.3 The total minimum amount under the head “Demand and Energy Charges” payable by a seasonal consumer satisfying the eligibility criteria under sub clause 13.11.1 above and complying with provisions stipulated under sub clauses 13.11.2 above shall be Rs.4000/- per annum per kVA of the billing demand.

9.11.4 <u>The billing demand shall be the highest of the following</u>:

(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.

9.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 420 Paise per unit.

9.11.6 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.

10.0 <u>Rate HTP-II</u>

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.

10.1 Demand Charges:

10.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs.90/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs.190/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs.250/- per kVA per month

10.1.2 For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs.335 per kVA per month

PLUS

10.2 Energy Charges:

For entire consumption during the month		
(a)	up to 500 kVA of billing demand	390 Paise per Unit
(b)	For next 2000 kVA of billing demand	410 Paise per Unit
(c)	For billing demand in excess of 2500 kVA	420 Paise per Unit

PLUS

10.3 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 500kVA	35 Paise per Unit
(b) For Billing Demand above 500kVA	75 Paise per Unit

10.4 Billing demand
10.5 Minimum bill
10.6 Power Factor Adjustment Charges
10.7 Maximum demand and its measurement
10.8 Contract Demand
10.9 Rebate for supply at EHV

Same as per HTP-I Tariff

11.0 Rate: HTP-III

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

11.1 Demand Charges:

For billing demand up to contract demand	Rs.462/- per kVA per month
For billing demand in excess of contract demand	Rs. 550/- per kVA per month

PLUS

11.2 Energy Charges:

For all units consumed during the month	630 Paise/Unit

PLUS

11.3 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	75 Paise per Unit

11.4 Billing demand
11.5 Minimum bill
11.6 Power Factor Adjustment Charges
11.7 Maximum demand and its measurement
11.8 Contract Demand
11.9 Rebate for supply at EHV

Same as per HTP-I Tariff

12.0 Rate: HTP-IV

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

12.1 Demand Charges:

Same rates as specified in Rate HTP-I

PLUS

12.2 Energy Charges:

For all units consumed during the month	200 Paise per Unit

12.3 Billing demand
12.4 Minimum bill
12.5 Power Factor Adjustment Charges
12.6 Maximum demand and its measurement
12.7 Contract Demand
12.8 Rebate for supply at EHV

Same as per HTP-I Tariff

NOTE:

1. *10% of total units consumed and 15% of the contract demand can be availed beyond the prescribed hours for the purpose of maintenance.*
2. *For the purpose of office lighting, fans etc. the consumer may apply for a separate connection.*
3. *This tariff shall be applicable if the consumer so opts to be charged in place of HTP-I tariff by using electricity exclusively during night hours as above.*
4. *The option can be exercised to switch over from HTP-I tariff to HTP-IV tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
5. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category HTP-I.*