GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2016-17

and Determination of Tariff for FY 2018-19

For

Paschim Gujarat Vij Company Limited (PGVCL)

Case No. 1702/2018

31st March, 2018

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GUJARAT ELECTRICITY REGULATORY COMMISSION

(GERC)

GANDHINAGAR

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Abbreviations

A&G	Administration and General Expenses
AB Cable	Aerial Bunched Cable
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
CAGR	Compound Annual Growth Rate
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2016-17 to FY 2020-21
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MCLR	Marginal Cost of Funds based Lending Rate
MTR	Mid Term Review
MUs	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi Year Tariff
O&M	Operation & Maintenance
PF	Power Factor
PFC	Power Finance Corporation
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
PPPA	Power Purchase Price Adjustment
R&M	Repair and Maintenance

RE	Revised Estimate
RLDC	Regional Load Despatch Centre
SBAR	State Bank Advance Rate
SBI	State Bank of India
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre
YoY	Year on Year

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GUJARAT ELECTRICITY REGULATORY COMMISSION

GANDHINAGAR

Case No. 1702/2018

Date of the Order 31.03.2018

CORAM

Shri Anand Kumar, Chairman
Shri K. M. Shringarpure, Member
Shri P. J. Thakkar, Member

ORDER

1 Background and Brief History

1.1 Background

Paschim Gujarat Vij Company Ltd. (hereinafter referred to as PGVCL or the Petitioner) has filed the present petition on 15th January, 2017 under Section 62 of the Electricity Act, 2003, read with the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 for the Truing up of FY 2016-17 and for determination of tariff for FY 2018-19.

Gujarat Electricity Regulatory Commission notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29th March, 2016 which shall be applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulation 17.2 (b) of the GERC (Multi-Year Tariff) Regulations, 2016 provides for submission of detailed application comprising of truing up for FY 2016-17 to be carried out under the Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016, revenue from the sale of power at existing tariffs and charges for the ensuing year (FY 2018-19) and revenue gap or revenue surplus for the third year of the Control Period calculated based on the Aggregate Revenue Requirement approved in the MYT Order and truing up for the previous year and determination of tariff for FY 2018-19.

After technical validation of the petition, it was registered on 17th January, 2018 as Case No. 1702/2018 and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with the tariff order.

1.2 Paschim Gujarat Vij Company Limited (PGVCL)

Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies. The seven successor companies are listed below:

Generation Gujarat State Electricity Corporation Limited (GSECL)
Transmission Gujarat Energy Transmission Corporation Limited (GETCO)

Distribution Companies:

Sr. No.	Name of Company
1	Dakshin Gujarat Vij Company Limited (DGVCL)
2	Madhya Gujarat Vij Company Limited (MGVCL)

3	Uttar Gujarat Vij Company Limited (UGVCL)
4	Paschim Gujarat Vij Company Limited (PGVCL)

Gujarat Urja Vikas Nigam Limited (GUVNL), a holding company of the above named 6 subsidiary companies is responsible for bulk purchase of electricity from various sources and supply to Distribution Companies and also, other activities including trading of electricity.

Government of Gujarat, vide notification dated 3rd October, 2006, notified the final opening balance sheets of the transferee companies as on 1st April, 2005. The value of assets and liabilities, which stand transferred from the erstwhile Gujarat Electricity Board to the transferee companies, include Paschim Gujarat Vij Company Limited (PGVCL). Assets and liabilities (gross block, loans and equity), as on the date mentioned in the notification, have been considered by the Commission in line with the Financial Restructuring Plan (FRP), as approved by Government of Gujarat.

1.3 Commission's Order for tariff of FY 2016-17

The Commission in its Order dated 2nd December, 2015, in the Suo Motu Petition No. 1534/2015 decided that the approved ARR of FY 2015-16 of the licensees / generating companies concerned be considered as provisional ARR of the licensees / generating companies for FY 2016-17.

The Commission also decided that the licensees / generating companies shall file the ARR for FY 2016-17 based on the new MYT Regulations for FY 2016-17 to FY 2020-21 and the true-up for the same shall also be governed as per the new MYT Regulations. It was also decided that the licensees / generating companies shall file the petition for determination of ARR and tariff for FY 2016-17 and true-up for FY 2014-15 within 3 weeks from the date of issuance of the Order for Commission's consideration and decision.

Accordingly, the Petitioner filed its petition (Case No. 1550/2015) for Truing-up of FY 2014-15 and determination of tariff for FY 2016-17 on 8th December 2015. The Commission approved the provisional ARR and The tariff for FY 2016-17 was determined accordingly vide Order dated 31st March 2016.

1.4 Commission's Order for Approval of final ARR for FY 2016-17 and Approval of Multi-Year ARR for FY 2016-17 to 2021-22

The Petitioner filed its petition for Truing up for 2015-16, Approval of Final ARR for 2016-17, Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and Determination of tariff for 2017-

18 on 30th November 2016. The petition was registered on 03rd December 2016 (under Case No. 1623 of 2016). The Commission vide Order dated 31stMarch, 2017 approved the Truing up for 2015-16, Final ARR for 2016-17, Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21 and determined the tariff for FY 2017-18.

1.5 Background of the present petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the control period of FY 2016-17 to FY 2020-21. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the truing up of previous year's expenses and revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

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

1.6 Registration of the Current Petition and Public Hearing Process

The Petitioner submitted the current Petition for Truing up of FY 2016-17 and determination of tariff for FY 2018-19 on 15thJanuary, 2018. After technical validation of the petition it was registered on 17th January, 2018 (Case No. 1702/2018) and as provided under Regulation 29.1 of GERC (MYT) Regulations, 2016, the Commission has proceeded with this tariff order.

In accordance with Section 64 of the Electricity Act, 2003, PGVCL was directed to publish its application in the newspaper to ensure public participation.

The Public Notice, inviting objections / suggestions from the stakeholders on the petition, was published in the following newspapers on 20thJanuary, 2018

Sr. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	20/01/2018
2	Sandesh	Gujarati	20/01/2018

The Petitioner also placed the public notice and the petition on its website (www.pgvcl.com), for inviting objections and suggestions. The interested parties/stakeholders were asked to file their objections / suggestions on the petition on or before 19th February, 2018.

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

The Commission received objections / suggestions from the consumers / consumer organizations as shown in Table below. The Commission examined the objections / suggestions received and scheduled a public hearing on 27th February, 2018 at the Commission's Office at Gandhinagar and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in the Commission's Office at Gandhinagar on the above date.

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

The issues raised by the objectors, along with the response of PGVCL and the Commission's views on the response, are dealt with in Chapter 3 of this Order.

Sr. No.	Name of Stakeholders	Written Submission	Oral Submission	Present on 27.02.2018
1.	Sihor Steel Re-rolling Mills Association	Yes	Yes	Yes
2.	Bhavnagar Induction Furnace Development Association (BIFDA)	Yes	Yes	Yes
3.	M D Inducto Cast Limited	Yes	Yes	Yes
4.	Rajkot Engineering Testing & Research Centre (RETARC)	Yes	Yes	Yes
5.	Rajkot Chamber of Commerce & Industry	Yes	Yes	Yes
6.	Khedut Heet Rakshak Samiti	Yes	No	No
7.	Laghu Udyog Bharati – Gujarat	Yes	Yes	Yes
8.	Water Health India Private Limited	Yes	Yes	Yes
9.	Shri K.K. Bajaj	Yes	Yes	Yes
10.	Utility Users' Welfare Association (UUWA)	Yes	Yes	Yes
11.	Gujarat Chamber of Commerce & Industry	Yes	Yes	Yes
12.	GIFT PCL	Yes	Yes	Yes
13.	Rohishala Irrigation Co-Op. (Saurashtra) & Others	Yes	Yes	Yes
14.	Shri R.G. Tillan	No	Yes	Yes
15.	Kutchh Chamber of Commerce & Industry	Yes	No	No

Sr. No.	Name of Stakeholders	Written Submission	Oral Submission	Present on 27.02.2018
16.	OPGS Power	Yes	No	No

1.7 Approach of this Order

The GERC (MYT) Regulations, 2016, provide for "Truing up" of the previous year and determination of tariff for the ensuing year

PGVCL has approached the Commission with the present Petition for "Truing up" of FY 2016-17 and determination of tariff for FY 2018-19.

In this Order, the Commission has considered the "Truing up" for FY 2016-17, as per the GERC (MYT) Regulations, 2016.

The Commission has undertaken "Truing up" for FY 2016-17, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2016-17, based on the audited annual accounts.

While truing up of FY 2016-17, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised, based on the actual performance observed.
- The Truing up for FY 2016-17 has been considered, based on the GERC (MYT) Regulations, 2016.

Determination of Tariff for FY 2018-19 have been considered as per the GERC (Multi-Year Tariff) Regulations, 2016.

1.8 Contents of this Order

The Order is divided into nine chapters as detailed under:

1. The **first chapter** provides a brief background regarding the Petitioner, the petition on hand and details of the public hearing process and approach adopted in this Order
2. The **second chapter** outlines the summary of PGVCL's Petition

3. The **third chapter** deals with objections raised by various stakeholders, PGVCL's response and Commission's views thereon.
4. The **fourth chapter** focuses on the details of truing up for FY 2016-17.
5. The **fifth chapter** deals with the determination of ARR for FY 2018-19.
6. The **sixth chapter** deals with compliance of directives and issue of fresh directives
7. The **seventh chapter** deals with Fuel and Power Purchase Price Adjustments
8. The **eighth chapter** deals with wheeling and cross subsidy surcharges
9. The **ninth chapter** deals with tariffs for FY 2018-19.

2 Summary of Truing up for FY 2016-17 and Tariff for FY 2018-19

Paschim Gujarat Vij Company Limited (PGVCL) submitted the details of true-up of FY 2016-17, and requested for determination of retail supply tariff for FY 2018-19.

2.1 Actuals for FY 2016-17 submitted by PGVCL

The details of expenses under various components of ARR for FY 2016-17 are given in the Table below:

Table 2.1: ARR proposed by PGVCL for FY 2016-17 true up

(Rs. Crore)

Sr. No.	Particulars	Approved in the MYT Order for 2016-17	Claimed by PGVCL for 2016-17	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	Cost of Power Purchase	10,375.61	10,966.17	151.93	(742.49)
2	Operation & Maintenance Expenses	507.17	941.01	(36.44)	(397.40)
2.1	Employee Cost	637.21	839.39	-	(202.18)
2.2	Repairs & Maintenance Expenses	99.82	119.43	(19.61)	-
2.3	Administration & General Expenses	118.76	135.59	(16.83)	-
2.4	Other Debits	-	8.19	-	(8.19)
2.5	Extraordinary Items	-	-	-	0.00
2.6	DSM Expenses	-	17.12	-	(17.12)
2.7	Other Expenses Capitalized	(348.63)	(178.71)	-	(169.92)
3	Depreciation	669.94	654.35	-	15.59
4	Interest & Finance Charges	343.28	349.10	-	(5.82)
5	Interest on Working Capital	-	-	-	-
6	Provision for Bad Debts	-	4.02	(4.02)	-
7	**Sub Total (1 to 6)**	**11,896.00**	**12,914.65**	**-**	
8	Return on Equity	424.96	388.98	-	35.98
9	Provision for Tax / Tax Paid	18.96	80.93	-	(61.97)
10	**Total Expenditure (7 to 9)**	**12,339.91**	**13,384.56**	**111.47**	**(1156.13)**
11	Non - Tariff Income	234.07	241.19	-	7.12
12	**Aggregate Revenue Requirement (10 - 11)**	**12,105.84**	**13,143.37**	**111.47**	**(1149.01)**

Through its subsequent submission PGVCL has revised the above details as shown in the Table below:

Table 2.2: Revised ARR proposed by PGVCL for FY 2016-17 for true up

(Rs. Crore)

Sr. No.	Annual Revenue Requirement	Approved for2016-17 in MYT Order	Claimed in Truing up for 2016-17	Gains(Losses) due to controllable factors	Gains(Losses) due to uncontrollable factors
1	2	3	4	5	6
1	Cost of Power Purchase	10,375.61	10,966.17	148.32	(738.87)
2	O&M Expenses	507.17	964.28		
2.1	Employee Cost	637.21	862.67	-	(225.46)
2.2	Repairs and Maintenance Expenses	99.82	119.43	(19.61)	-
2.3	Administration and General Expenses	118.76	135.59	(16.83)	-
2.4	Other Debits	-	8.19	-	(8.19)
2.5	DSM Expenses	-	17.12	-	(17.12)
2.6	Other expenses Capitalised	(348.63)	(178.71)	-	(169.92)
3	Depreciation	669.94	654.35	-	15.59
4	Interest and Finance Charges	343.28	349.10	-	(5.82)
5	Interest on Working Capital	-	-	-	-
6	Bad Debts	-	4.02	(4.02)	-
7	Return on Equity	424.96	414.19	-	10.77
8	Tax Paid	18.96	80.93	-	(61.97)
9	Total Expenditure (1 to 8)	12,339.91	13,433.04	-	-
10	Less: Non -Tariff Income	234.07	264.47	-	(30.40)
11	**Aggregate Revenue Requirement**	**12,105.84**	**13,168.56**	**107.86**	**(1,170.59)**

2.2 Revenue gap for FY 2016-17

As shown in the Table below PGVCL has claimed a revenue gap of Rs. 494.07 Crore in the truing up after considering the gain / (loss) due to controllable and uncontrollable factors:

Table 2.3: Revenue Surplus/ (Gap) as claimed by PGVCL

(Rs. Crore)

Sr. No.	Particulars	2016-17
1	Aggregate Revenue Requirement originally approved for FY 2016-17	12,105.84
2	Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(1,149.01)

Sr. No.	Particulars	2016-17
3	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	37.16
4	Revenue (Gap)/Surplus from True-up of FY 2014-15	49.88
5	Recovery of past year True-Up (Gap)/Surplus for FY 2009-10	(147.88)
6	Recovery of past year True-Up (Gap)/Surplus for FY 2010-11	133.00
7	Allocation of GUVNL Profit of FY 2016-17	42.53
8	**Revised ARR for FY 2016-17 (1 - 2 -3 - 4 - 5 - 6 - 7)**	**13,139.75**
9	Revenue from Sale of Power	11,686.18
10	Other Income (Consumer related)	525.77
11	Agriculture subsidy	433.73
12	**Total Revenue including Subsidy (9 +10 + 11)**	**12,645.69**
13	**Revised Gap after treating gains/(losses) due to Controllable/Uncontrollable factors (8 -12)**	**494.07**

With the subsequent submission PGVCL has revised the revenue gap to Rs. 516.86 Crore after considering the gain/(loss) due to controllable and uncontrollable factors as shown in the Table below:

Table 2.4: Revised Revenue Surplus/ (Gap) as claimed by PGVCL

(Rs. Crore)

Sr. No.	Particulars	2016-17
1	Aggregate Revenue Requirement originally approved for FY 2016-17	12105.84
2	Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(1170.59)
3	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	35.95
4	Revenue (Gap)/Surplus from True-up of FY 2014-15	49.88
5	Recovery of past year True-Up (Gap)/Surplus for FY 2009-10	(147.48)
6	Recovery of past year True-Up (Gap)/Surplus for FY 2010-11	133.00
7	Allocation of GUVNL Profit of FY 2016-17	42.53
8	**Revised ARR for FY 2016-17 (1 - 2 -3 - 4 - 5 - 6 - 7)**	**13162.55**
9	Revenue from Sale of Power	11686.18
10	Other Income (Consumer related)	525.77
11	Agriculture subsidy	433.73
12	**Total Revenue including Subsidy (9 +10 + 11)**	**12645.69**
13	**Revised Gap after treating gains/(losses) due to Controllable/Uncontrollable factors (8 -12)**	**516.86**

2.3 Aggregate Revenue Requirement (ARR) for FY 2018-19

Paschim Gujarat Vij Company Limited (PGVCL) submitted Aggregate Revenue Requirement for FY 2018-19 as per the MYT Order dated 31st March, 2017 as under:

Table 2.5: ARR proposed by PGVCL for the FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	Amount
1	Power Purchase Cost	11937.37
2	O&M Expenses	566.85
2.1	Employee Cost	712.19
2.2	Repairs & Maintenance Expenses	111.57
2.3	Administration & General Expenses	132.74
2.4	Other Debits	-
2.5	Extraordinary Items	-
2.6	Net Prior Period Expenses/ (Income)	-
2.7	Other Expenses Capitalized	(389.65)
3	Depreciation	864.69
4	Interest and Finance charges	405.33
5	Interest on Working Capital	-
6	Provision for Bad Debts	-
7	**Sub Total (1 to 6)**	**13774.24**
8	Return on Equity	544.74
9	Provision for Tax / Tax Paid	18.96
10	**Total Expenditure (7 to 9)**	**14337.94**
11	Less : Non-Tariff Income	234.07
12	**Aggregate Revenue Requirement (10 - 11)**	**14103.87**

2.4 Revenue gap for FY 2018-19

Based on the ARR for FY 2018-19 given in Table above, the estimated revenue gap for FY 2018-19 at existing tariff is shown in the following Table.

Table 2.6: Estimated revenue surplus / (gap) of PGVCL for FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	2018-19
1	Aggregate Revenue Requirement for FY 2018-19	14,103.87
2	Revenue Surplus/ (Gap) from True up of FY 2016-17	494.07
3	**Total Aggregate Revenue Requirement for FY 2017-18**	**14,597.93**
4	Revenue with Existing Tariff	9,389.20
5	FPPPA Charges @ 143 paisa/kWh	3,723.70

Sr. No.	Particulars	2018-19
6	Other Income (Consumer related)	470.98
7	Agriculture Subsidy	440.53
8	**Total Revenue including subsidy for FY 2017-18 (4 to 7)**	**14,024.42**
9	**(Surplus)/ gap (3 - 8)**	**573.52**

With the subsequent submission PGVCL has revised the estimated revenue gap for FY 2018-19 at existing tariff is shown in the following Table.

Table 2.7: Revised estimated revenue surplus / (gap) of PGVCL for FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	2018-19
1	Aggregate Revenue Requirement for FY 2018-19	14,103.87
2	Revenue Surplus/ (Gap) from True up of FY 2016-17	516.86
3	**Total Aggregate Revenue Requirement for FY 2017-18**	**14,620.73**
4	Revenue with Existing Tariff	9,389.20
5	FPPPA Charges @ 143 paisa/kWh	3,723.70
6	Other Income (Consumer related)	470.98
7	Agriculture Subsidy	440.53
8	**Total Revenue including subsidy for FY 2017-18 (4 to 7)**	**14,024.42**
9	**(Surplus)/ gap (3 - 8)**	**596.31**

2.5 PGVCL's request to the Commission

1. To admit this Petition seeking True up of FY 2016-17 and Determination of Tariff for FY 2018-19.

2. To approve the True up for FY 2016-17 and allow sharing of gains/losses with the Consumers as per sharing mechanism prescribed in the GERC (MYT) Regulations, 2016.

3. To consider approved True up parameters & ARR of GSECL, GETCO and SLDC while finalizing Tariff of the Petitioner.

4. To approve the terms and conditions of Tariff for FY 2018-19 and various other matters as proposed in this petition and proposed changes therein.

5. To approve the base FPPPA based on power purchase cost of FY 2018-19 as approved in MYT Order dated 31st March, 2017.

6. Pass suitable Orders for implementation of Tariff Proposal for FY 2018-19 for making it applicable from 1st April, 2018 onwards.

7. To grant any other relief as the Commission may consider appropriate.
8. To Allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
9. Pass any other Order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

3 Brief outline of objections raised, response from PGVCL and the Commission's View

3.1 Stakeholders' suggestions / objections, Petitioner's Response and Commission's observation

In response to the public notice, inviting objections/ suggestions of the stakeholders on the petitions filed by DISCOMs for truing up of FY 2016-17 and determination of tariff for FY 2018-19, a number of consumers/ consumer organisations filed their objections/ suggestions within the prescribed timeline. Some of these objectors participated in the public hearing also. Further, some of the objections are general in nature and some are specific to the proposals submitted by the petitioner. It is also noted that many of the objections/ suggestions are common to all the four DISCOMs and some are specific to concerned DISCOM. The objections/ suggestions are segregated into two groups viz. common to all DISCOMs and specific to concerned DISCOM. The Commission, has, therefore, addressed the objections/ suggestions issue-wise rather than objector-wise.

3.2 Suggestions/Objections Common to all DISCOMs

1. Recovery of fixed charge from consumers

The objector stated that fixed charges are being recovered from consumers even there is no usage of electricity and such fixed charges should be abolished.

Response of DISCOMs

Petitioners submitted that principally, expenditure of the petitioners should be met from the fixed income. However, presently the recovery of the petitioners from fixed charges is 29.03% of total fixed cost of petitioners and hence, it is not desirable to give relaxation in fixed charges.

Commission's view

The Commission has noted the response of the petitioners and agrees that any further relaxation in recovery of fixed charges would cause financial burden on the petitioners due to under recovery of fixed charges out of total fixed costs.

2. Non- recovery of meter charges/ capacitor charges

The objector stated that meter charges/ capacitor charges should not be levied from energy bills of the consumers after completion of the full recovery of meters/capacitors charges.

Response of DISCOMs

Petitioners submitted that they recover meter rent from the consumers for the cost of meters borne by them. Further, based on the powers conferred under the Electricity Act, 2003 to determine meter rent charges, the Commission has determined such meter rent charges in Notification No. 9/2005 and accordingly, such meter rent charges are being levied from the consumers. Such charges are equivalent to interest of total cost of the meters. It is further mentioned that Petitioners are buying high quality meters which are installed at consumers' premises after testing the said meters in the laboratories. Such meters are maintained by the petitioners. Thus, petitioners are not recovering cost of meters but only recovering meter rent in accordance with the regulations. Petitioners have proposed to merge meter rent with fixed charges.

Commission's view

The Commission has taken a note of objection raised by the objector and after deliberations on proposal of the petitioner, it has been decided to abolish the meter rent being levied by the distribution utilities from the consumers requiring electric supply.

3. Adoption of monthly billing system in place of bi-monthly billing system

The objector objected bi-monthly billing cycle system with reasoning of such bi-monthly reading causing higher average and thus higher energy bills and therefore suggested to adopt monthly billing system.

Response of DISCOMs

Petitioners submitted that the Commission specifies the tariff of various consumer categories on monthly basis, but due to administrative reasons, consumers are being billed on bi-monthly cycle. In case of the consumers being billed on monthly basis, tariff rates as decided by the Commission are applied and in case of the consumers being billed on bi-monthly basis, tariff rates specified on monthly basis are adjusted accordingly. For instance, energy charge determined for the consumption slab up to 50 units of consumption, in case of consumers being billed on bi-monthly basis the same energy charge as determined for consumption up to 50 units is applied for 100 units of consumption.

Commission's view

Although the slabs for energy rates are prescribed in the Tariff Order for monthly consumption, in case of bi-monthly billing, appropriate adjustment is made and bill for such type of consumers is calculated by extending slab benefits appropriately. Stakeholders are requested to bring specific instances of loss to consumer due to bi-monthly billing. In view of the cost related to meter reading, billing and cash collection, Commission is of the view that the bi-monthly billing system for small consumers is cost-effective. Argument by the objector that bi monthly reading causes higher average and hence higher energy bills is not correct.

4. Non-submission of data related to consumers category-wise consumption and realization

The objector stated that category-wise consumption data and realization data are not submitted by the petitioners in accordance with Form 10 A.

Response of DISCOMs

Petitioners submitted that the petition is filed in accordance with the principles laid down by the Commission in the GERC (MYT) Regulations, 2016. Form no. 10 provides the relevant information as sought by the Respondent.

Commission's view

The Commission has noted the response of the petitioners. However, it is to mention here that category wise consumption data and realization data are not submitted as per the Form 10 A for the truing up year i.e. FY 2016-17 which have been taken note of and accordingly, the Commission directs the petitioners to submit the said data for the truing up year from next year onwards.

5. Role of GUVNL

The objector requested to make GUVNL as a co-petitioner considering its role as bulk purchaser of power on behalf of Discoms.

Response of DISCOMs

Petitioners submitted that GUVNL is co-petitioner of the petition filed.

Commission's view

The Commission noted the response of the petitioners. It is to mention that GUVNL representatives, as a Co-petitioner or otherwise, have always remained present during the hearing to satisfy the queries of the stakeholders.

6. Subsidies not accounted in the Annual Accounts

The objector stated that all the subsidies provided and to be provided by the State Government are not accounted in the Annual Accounts of the petitioners.

Response of DISCOMs

Petitioners submitted that as per the tariff order of The Commission, FPPPA charge is a part of tariff. In case of Agricultural consumers, the FPPPA charges payable by Agriculture consumers is not recovered from the consumers but it is being compensated by State Government. Revenue received from Agriculture consumers is mentioned in the Annual Accounts of the petitioners for FY 2016 – 17 which is inclusive of FPPPA subsidy and the subsidy for tariff compensation from Government for FY 2016-17, which is tabulated below;

DISCOM	Note No.	FPPPA subsidy (Rs. Crore)	Subsidy for tariff compensation (Rs. Crore)
DGVCL	27	74.24	42.35
PGVCL	28	669.79	434.18
MGVCL	29	112.48	48.00
UGVCL	26	843.48	599.99

Similarly, Subsidy received from the State Government towards the Water Works connections is also mentioned in the Annual Accounts as shown below:

DISCOM	Note No.	Subsidy towards Water Works Connections (Rs. Crore)
DGVCL	28	39.04
PGVCL	28	207.79
MGVCL	29	53.41
UGVCL	26	199.10

It may be noted that FPPPA subsidy received from State Government and subsidy for the Water Works connections have been duly considered in the Revenue from Sale of Power for respective category of consumers both in Annual Accounts of the Company and also in the True up proposal.

Commission's view

The Commission noted the response of the petitioners. It is to mention here that based on claim of the petitioner regarding outstanding agriculture subsidy from the Government of Gujarat, the said subsidy amount of Rs. 1196 Crore is considered as part of revenue for FY 2016-17 to work out Gap/Surplus after truing up of FY 2016-17.

7. Recovery of PGCIL, POSOCO and GETCO Charges

The objector stated that data furnished as part of power purchase cost are incomplete as basis for recovery of PGCIL, POSOCO and GETCO charges is not shown.

Response of DISCOMs

Petitioners submitted that PGCIL and POSOCO charges are recovered as approved by the Hon'ble CERC. PGCIL and GECTO charges and losses both are different and therefore appropriate treatment is given for losses and charges.

Commission's view

The Commission noted the response of the petitioners. GETCO losses are considered to work out total energy requirement and thus, per unit power purchase cost to determine gain/ loss on account of distribution loss. However, PGCIL and GETCO Charges are part of power purchase cost, considering distribution utilities as beneficiaries of State and National transmission system, and thus part of ARR to determine gap/ surplus of the truing up year.

8. Creation of consumer advocacy cell

The Objector has recommended that consumer advocacy cell should be formed in GERC, as detailed in model regulations framed by the Forum of Regulators, for giving guidance and legal aid to consumers.

The electricity supply companies with array of senior lawyers, that too at stakeholders' expense, are getting the favourable decisions in the absence of effective participations by consumers in the GERC hearing procedures. Most of consumer organizations are voluntary in nature, represented by their members and not having financial resources like electricity companies. While Supply companies are engaging senior lawyers at hefty fees, the normal stakeholder's voice is suffocated at hearing.

Response of DISCOMs

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Commission's view

As such at present, Staff of the Commission processing consumer complaints and providing guidance to individual consumer /Consumer Associations. However, considering representation from the various stakeholders, Commission will explore the option of constituting 'Consumer Advocacy Cell'.

9. Audit of Distribution Utilities

The objector requested for audit of distribution utilities by the Institute of Chartered Accountants of India.

Response of DISCOMs

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Commission's view

The accounts of the Petitioners, being Government owned undertakings, are audited by the Statutory Auditors (who are the members of the Institute of Chartered Accountants of India) appointed by the C & AG. Further, the accounts of the petitioners are subject to supplementary audit by the C & AG. Moreover, the C & AG also conduct issue based performance/ propriety audit of the petitioners. The Commission, therefore, does not find any merit in the objector's submission.

10. Non issuance of any circulars containing financial implications without prior approval of the Commission

The Objector has requested the Commission to direct the licensees not to issue any circular (which involves financial burden or financial benefit to any consumer) without getting the approval of Commission. Approval granted by the Commission or the power to issue the circular quoting the provisions of Act, Rules and Regulations should be disclosed in the circular. If any circular is issued which does not involve financial implications, DISCOM should give certificate on that circular confirming that no financial part is involved in this circular thus no permission is required from the Commission for this particular circular.

Response of DISCOMs

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Commission's view

Normally, activities of licensees having financial impact on its consumers are governed through various Regulations notified by the Consumers. Stakeholders may bring specific instances in this regard to the notice of the Commission.

11. Disclosure of Total Income

The objector has sought for disclosure of total income by the petitioners recovered from the consumers in accordance with various Regulations notified by the Commission and revenue earned from FPPPA Charges.

Response of DISCOMs

Petitioners submitted that Revenue in annual accounts includes revenue from sale. of power to GUVNL and DSM charges, besides revenue from sale to different consumer categories as per accounting practice whereas in the ARR net power purchase cost is shown after reducing revenue from sale of surplus power to GUVNL, as per requirement of ARR mechanism. Netting off of the same heads i.e. revenue from sale of power to GUVNL and DSM Charges have been done and they have been reduced from total power purchase cost and therefore the amounts of revenue in the annual accounts and in the true-up petition cannot be same being requirement of different accounting treatment in the ARR and Annual Accounts. Revenue from sale of Power includes revenue through FPPPA charges (revenue from temporary connections also. Further, the head “Other Income" is classified under the head of non-tariff income in the petition and the same has been reduced from total ARR rather than including it in the revenue. So the total income is disclosed in the petition but presentation is different as per Accounting Practice and requirement as per MYT Regulations.

Commission’s view

During prudence check of the submission from licensee, whenever required the Commission asks licensee to provide additional details and clarification. This time the Commission has placed all the additional information received from licensee in tariff determination exercise on Commissions’ website and made it available to all the stakeholders.

12. Higher rates of temporary connection

The objector stated that tariff rates for temporary connections are higher than tariff rates for normal supply of electricity and income from such temporary connections is not disclosed by the petitioners.

Response of DISCOMs

Petitioners submitted that being a temporary by nature, the tariff for “Temporary Connection” should always be higher than the tariff for permanent category consumers.

Commission’s view

Request for electricity supply for more than 2 years qualifies for permanent/ regular electricity connection and it is not treated as ‘Temporary’ in accordance with the present Regulations.

13. Introduction of LTMD tariff above 6 kW

The objector sought applicability of demand based tariff for consumers having load of 6 kW and above.

Response of DISCOMs

Petitioners submitted that this is suggestion to the Commission, however, any modification to be made by The Commission should be revenue neutral to the Company.

Commission's view

The Commission has dealt with this issue appropriately in the tariff Schedule attached to this order.

14. Improper and misuse of Section 126 of the Electricity Act, 2003

The objector stated that petitioners have been misusing Section 126 of the Electricity Act, 2003 and there has not been any concrete actions carried out by the petitioners to curb the theft of electricity and to reduce the losses of high loss making feeders.

Response of DISCOMs

Petitioners have submitted they are electricity distribution companies supplying electricity to large base of consumers. Through strenuous efforts petitioners have been able to reduce distribution losses to target level with adoption of new available technology and equipment's, continuous monitoring of installation checking activity, etc. Further, emphasis has been made on reduction of JGY feeders having high losses. Feeder wise feeder managers for the selected feeders are nominated and responsibility is assigned for carrying out loss reduction activities. Comprehensive planning for the work to be carried out on such feeders is done on the basis of actual field report. Moreover, fortnightly & monthly meeting of Feeder Managers is held at various levels. It is further submitted that petitioners have achieved a significant reduction in distribution losses, during recent years. These efforts shall continue and will be enhanced. However, loss reduction is a slow process and becomes increasingly difficult as the loss levels go down. Distribution Loss of Agriculture category is highly influenced by the amount and spells of rainfall etc. particularly during monsoon season. However, with the continuous efforts and expeditious release of new connections, the loss of Agriculture category has also reduced.

Commission's view

The Commission has noted the response of the petitioners. While appreciating efforts made by the petitioners in achieving loss reduction up to target level, the Commission is of the view that sustained and concerted efforts should be made to reduce losses than the losses approved in the MYT Order dated 31.03.2017.

15. Revenue Billed and Revenue Collected

The objector asked the petitioners to submit Revenue Billed and Revenue Collected for FY 2016-17.

Response of DISCOMs

Petitioners submitted their collection efficiency which is tabulated below;

DISCOM	Collection efficiency (%)
DGVCL	98.20
MGVCL	100.82
PGVCL	100.00
UGVCL	100.00

Commission's view

The Commission has noted the response of the petitioner.

16. Non-submission of revenue collected from FPPPA Charges

The objector stated that segment wise approved power purchase cost by the Commission is not submitted by the petitioners. Further, revenue realized from FPPPA Charges is not submitted category-wise.

Response of DISCOMs

Petitioners submitted that all the generating stations from which Company/GUVNL is purchasing power, the cost for the same is determined / approved by the appropriate Commissions like cost of power purchase from GSECL stations is determined by the GERC, IPPs are governed by the provisions of PPAs, for central generating stations the tariff is either determined by the Central Electricity Regulatory Commission or Department of Atomic Energy in case of Nuclear Power Plant and in case of Competitive Bidding, the tariff is adopted by the GERC. The tariff for renewable sources is also determined by the GERC or through competitive bidding. Therefore, the tariff for entire power purchased by Company/GUVNL is determined /approved by the appropriate Commission.

As per the order of the Commission, incremental power purchase cost over the base power purchase cost is to be recovered through FPPPA charges over and above the base FPPPA charges (i.e. Rs. 1.20/unit for FY 2016-17). Therefore, during FY 2016-17 incremental power purchase cost over the base power purchase cost was recovered over and above the base

FPPPA of Rs. 1.20/unit during the quarter. Thus, there is no excess recovery of FPPPA charges from the consumers during FY 2016-17.

Commission's view

The Commission has noted the response of the petitioners which is self-explanatory. Further, as explained by the petitioners, incremental power purchase cost over the base power purchase cost is to be recovered through FPPPA charges over and above the base FPPPA charges (i.e. Rs. 1.20/unit for FY 2016-17).

17. Quantum of UI/DSM sales not submitted

The objector stated that details regarding quantum of UI/DSM sales to GUVNL along with UI charges borne by the petitioners are not submitted.

Response of DISCOMs

Petitioners submitted that Deviation Settlement Mechanism, which was previously known as "Unscheduled Interchange", charged for the deviation from the schedule. Rate of DSM/UI units varies time to time as it is linked with the System Frequency.

Commission's view

The Commission noted the objection of the objector and response of the petitioners. Further, details of DSM charges are submitted by the petitioners in their respective petitions while DSM sales in MUs have been sought as an additional detail and such details were also made available on the Commission's website. Power Purchase cost approved for FY 2016-17 is detailed in the Chapter 4 of this order.

18. Difference in FPPPA Charges

The objector stated that petitioner have collected FPPPA Charges higher than the approved by the Commission i.e. Rs. 1.20/unit during FY 2016-17.

Response of DISCOMs

Petitioners submitted that as per the order of The Commission, incremental power purchase cost over the base power purchase cost is to be recovered through FPPPA charges over and above the base FPPPA charges (i.e. Rs. 1.20/unit for FY 2016-17). Therefore, during FY 2016-17 incremental power purchase cost over the base power purchase cost was recovered over and above the base FPPPA of Rs. 1.20/unit during the quarter. Thus, there is no excess recovery of FPPPA charges from the consumers during FY 2016-17. Further, as per ARR petition mechanism, approved power purchase cost is compared with actual power purchase cost and actual sales revenue is deducted from ARR. Hence, the FPPPA charges difference is not liable to be considered as surplus available for next year.

Commission's view

The Commission noted the response of the petitioners which is self-explanatory. Further, as explained by the petitioners, incremental power purchase cost over the base power purchase cost is to be recovered through FPPPA charges over and above the base FPPPA charges (i.e. Rs. 1.20/unit for FY 2016-17). While carrying out truing up exercise, approved power purchase cost is compared with actual power purchase cost and revenue from sale of power, which also includes revenue from FPPPA charges, is deducted from the approved ARR to determine gap/ surplus of the truing up year which is considered for determination of tariff for the ensuing year. Thus, difference in the FPPPA charges cannot be considered as surplus lying with the distribution utilities and also cannot be considered for determination of tariff for the ensuing year.

19. Applicability of WWSP Type III Tariff category for Water Health Centres

The objector sought for applicability of WWSP Type III tariff category for Water Health Centres established by various Local Bodies for providing safe and potable drinking water to underserved communities in the rural, peri-urban and urban areas.

Response of DISCOMs

Petitioners submitted that the present Water Works tariff category is applicable to Water and Sewerage Pumping purposes and Type – III is as applicable to Water Works and Sewerage pumps operated by Municipalities/ Nagarpalikas and Gram Panchayats or Gujarat Water Supply & Sewerage Board for its installations located in Gram Panchayats. Water Works category is subsidized tariff category. Sheer objective of giving subsidized tariff would be killed if any associated activity is included in this category. It would be difficult also to monitor supply of purified water for the public use. Therefore, no change in the present provisions of Water Works category is required.

Commission's view

The Commission has noted the response of the petitioners and is in agreement with the response.

20. Separate tariff for each Distribution Company

The objector sought for determination of separate tariff for each of the State owned Distribution Utility considering different distribution loss of four State Owned Distribution Utilities.

Response of DISCOMs

Uniform retail supply tariff for all four DISCOMs (Unbundled entities of erstwhile GEB) has been envisaged so that consumer in the similar categories in the State could have similar tariff and there may not be any discrimination in the consumers, which is also the objective of EA 2003.

The four Distribution Companies are incorporated on the basis of zonal configuration. It is submitted that since the 80% - 90% of the total cost incurred by DISCOMs is for Power Purchase, the same plays a major role in determining the Annual Revenue Requirement as well as Gap / (Surplus) for the DISCOM for a particular year. Since, the consumer profile and consumption profiles are different in the four Distribution Companies; the revenue earning capabilities of each of the DISCOMs differs resulting in different Annual Revenue Requirement. Therefore, it is necessary to build a mechanism in the projections to bring them to a level playing field. This is proposed to be achieved by differential Bulk Supply Tariff (BST) to each of the DISCOMs which is approved by the Commission. In this way, it becomes possible to ensure uniform retail consumer tariffs in the four DISCOMs.

Moreover, performance of all the Distribution Companies is monitored by the Commission and accordingly Distributions Loss is approved by the Commission.

Commission's view

Response of the petitioners explains the circumstances under which the uniform tariffs are adopted for all four DISCOMs.

21. Rationalisation of tariff slabs for residential category

The objector sought for rationalization of tariff slabs for residential category.

Response of DISCOMs

Petitioners submitted that they have not proposed any tariff revision or change in existing Tariff structure for FY 2018-19. Tariff structure of the different states are designed keeping in mind the different social, economical, technical, demographic and other relevant parameters of the state. In our state, the Commission has time to time reviewed the tariff structure and rationalized the tariff. However, any change in the tariff structure may be revenue neutral.

Commission's view

Rationalisation of Tariff Structure calls for reduction in number of categories and slabs. At present five energy slabs are prescribed for the residential consumers of four State Owned Discoms' areas. The Commission would like to continue existing slabs till the Commission takes decision for other licensees in the State in this regard. The Commission will decide on the slabs proposed by the Objector at appropriate time after conducting detailed study on the impact of such slabs on the consumers as well as utilities.

22. Merging of meter rent with fixed charges

The objector, based on the proposal of the petitioner about merging of meter rent with fixed charges, objected the proposal stating that collection of meter charges is debatable.

Response of DISCOMs

Merging of meter rent is proposed by the petitioner to avoid the issue of applicability of multiple taxes such as electricity duty on energy charge and fixed charge and GST on meter charge. Moreover, many a times it has been represented by various consumers Groups at different level. It would be apt to mention that to neutralize the revenue it has been appropriately proposed to recover through Fixed or Demand Charges.

Commission's view

The Commission has taken a note of objection raised by the objector and after deliberations on proposal of the petitioner, it has been decided to abolish the meter rent being levied by the distribution utilities from the consumers requiring electric supply.

23. Performance of the petitioners during FY 2016-17

The objector stated that distribution losses of PGVCL and MGVCL are higher which are passed on to the consumers of DGVCL and UGVCL and thus, consumers of DGVCL and

UGVCL have to suffer for the poor performance of PGVCL and MGVCL. It is further stated that bad debts written off in case of PGVCL is high. Further, amnesty scheme notified by the Government of Gujarat should not be approved as this will burden other honest consumers.

Response of DISCOMs

Petitioners submitted that the True up gap shown in the petition is worked out based on the GERC (MYT) Regulations, 2016. The gap does not necessarily reflect the poor or better performance of a utility. The gap worked out is basically the difference between projected expenses/revenue at the time of MYT and the actual expenses/revenue at the time of truing up. The petitioner has endeavored to curb the losses. The achievement in Distribution loss reduction is shared amongst the consumer and licensee as per the GERC (MYT) Regulations, 2016.

As regards to implication of the Amnesty Scheme, it is to submit that Company has filed a separate Petition in this regard.

Further, petitioners have taken various steps for reduction of distribution loss and endeavors to achieve the loss reduction trajectory as approved by the Commission. Petitioners have achieved a significant reduction in distribution losses, during recent years. These efforts shall continue and will be enhanced. However, loss reduction is a slow process and becomes increasingly difficult as the loss level goes down. Distribution Loss of Agriculture category is highly influenced by the amount and spells of rainfall etc. particularly during monsoon season. However, with the continuous efforts and expeditious release of new connections, the loss of Agriculture category has also reduced. Distribution loss is a controllable factor and treatment for the deviation is given accordingly while computing the revenue gap for FY 2016-17.

Commission’s view

The Commission noted the response of the petitioners. While appreciating the efforts made by the petitioners in achieving loss reduction up to target level, the Commission is of the view that sustained and concerted efforts should be continued to reduce losses than the approved in the MYT Order dated 31.03.2017.

Further, as stated by the petitioner, amnesty scheme is being dealt separately by the Commission in a separate petition. It is also to mention that such amnesty scheme is for FY

2017-18 which has no effect in truing up of FY 2016-17 and tariff determination for FY 2018-19.

For the issue of high amount of bad debts written off in case of PGVCL, it is to state that the Commission has approved bad debts written off in accordance with Regulation 94.9 of the GERC (MYT) Regulations, 2016 as detailed in Chapter 4 of this order.

24. Increase number of electrical accidents

The objector stated that number of electrical accidents are increasing.

Response of DISCOMs

Petitioners submitted that maximum efforts have been made in all directions to reduce electrical accidents and resultantly nos. of accidents have reduced year on year. Besides maintenance related activities, petitioners have taken various steps to create safety awareness among the employees and also among the general public.

Commission's view

The Commission has noted the objection raised by the objector and response of the petitioners. The Commission has always given utmost priority to electrical safety and has been giving directives to the petitioners to curb electrical accidents by various means. The Commission monitors the electrical accidents on quarterly basis through Standard of Performance Reports and provides inputs on the matter.

25. Replacement of Faulty Meters

The objector stated that still large number of faulty meters are pending for replacement.

Response of DISCOMs

Petitioners submitted that they endeavor to adopt upgraded technologies for metering and accordingly Company started procuring electronic meters and now only static/digital meters are procured and provided. Further automatic meter reading (AMR) system has also been provided on high valued consumer installations. Petitioners plan to adopt RF and other advanced communication technologies for meter reading and billing. Company has large base of old consumers. Petitioners prioritize the replacement of non-working, defective, inaccurate meters and very old meters. Petitioners have meter replacement plans and accordingly meters are replaced every year.

Details of Meters replaced during last three years are tabulated as under;

Year	Meters Replaced (Old+ Non Working)			
	DGVCL	MGVCL	PGVCL	UGVCL
2015-16	94196	308932	282789	150773
2016-17	65652	352658	410232	191851
2017-18	87062 (up to January 2018)	312619 (up to December 2017)	362653 (up to December 2017)	243554 (up to December 2017)

Commission's view

The Commission has noted the response of the petitioner, however, it is observed that large number of meters are still pending for replacement which is affecting revenue of the petitioner and also resulting into grievances of consumers. The Commission, therefore, has directed the petitioner to expedite process of meter replacement and quarterly submit progress of the same.

26. Installation of Smart Meters

The objector stated that the petitioners have not provided any details about electromechanical and electronic meters within their jurisdiction. Further, details of non-working meters and smart meters installed are also not submitted.

Response of DISCOMs

Petitioners submitted that they have proposed to provide smart meters under Integrated Power Development Scheme (IPDS).

Commission's view

The Commission noted the response of the petitioners. Further, the Commission monitors progress of replacement of electromechanical meters with electronic meters and installation of smart meters on quarterly basis and provide its inputs, if any.

27. Ceiling of FPPPA Charges at Rs. 1.50/unit

The objector sought ceiling of FPPPA charges at maximum of Rs. 1.50/unit and not to allow any amount above the ceiling amount to carry forward. The objector has further objected the proposal of the petitioners to increase base price of FPPPA from Rs. 1.43/unit to Rs. 1.49/unit.

Response of DISCOMs

Basic nature of FPPPA/PPPA is 'adjustment' related to power purchase cost i.e. passing on the increase or decrease, as the case may be. The PPPA charge is being levied on the consumer categories on account of the change in the cost of power purchase, which comprises almost 80% to 95% of the Distribution Licensee's Aggregate Revenue Requirement. Any expense pertaining to the regulated business of the Distribution Licensee has to be recovered from all consumers in some manner. Therefore, the FPPPA charges are recovered in the form of an incremental energy charge (Rs/kwh) as per formulae approved by the Commission.

In the MYT order dated 31.03.2017 for Control Period FY 2016-17 to FY 2020-21, The Commission has considered the base power purchase cost at Rs. 4.17/unit and base FPPPA at Rs. 1.43/unit. As per approved FPPPA formula, any increase in power purchase cost during the year over and above base power purchase cost of Rs. 4.17/unit is to be recovered through FPPPA over and above base FPPPA of Rs. 1.43/unit on quarterly basis. As per approved ARR for FY 2018-19, the weighted average power purchase cost is worked out to Rs. 4.22/unit as against base power purchase cost of Rs. 4.17/unit. Thus, the incremental power purchase cost of Rs. 0.05/unit for FY 2018-19 (i.e. Rs. 4.22 - 4.17) will be recovered through FPPPA over and above base FPPPA of Rs. 1.43/unit. Therefore, estimated revenue from FPPPA for FY 2018-19 is considered at Rs. 1.49/unit (i.e. grossing up of Rs. 0.05 by approved losses).

Commission's view

The Commission has noted the response of the petitioners. As explained by the petitioners, incremental power purchase cost over the base power purchase cost is to be recovered through FPPPA charges over and above the base FPPPA charges (i.e. Rs. 1.20/unit for FY 2016-17) and FPPPA formula is designed that way. The Commission, after considering the Power Purchase Cost for FY 2018-19 approved in the MYT Order dated 31.03.2017 has worked out the average power purchase cost of Rs. 4.22/ unit and thus the base price has increased by Rs. 0.05/ unit than the approved base price of Rs. 4.17/unit in the MYT Order dated 31.03.2017, which is required to be adjusted by way of FPPPA. Thus the base price of FPPPA is increased from Rs. 1.43/unit to Rs. 1.49/unit.

28. Reduction in Electricity Duty

The objector sought for rationalization of Electricity Duty.

Response of DISCOMs

Petitioners submitted that Electricity Duty is being levied as per Provision of Electricity Duty Act.

Commission's view

Stakeholders are required to represent before the State Government regarding exemption from Tax and Electricity Duty.

29. Delay in filing tariff petitions

The objector objected of delay in filing tariff petitions by the petitioners.

Response of DISCOMs

The Petitioner has submitted that it had sought the extension of time considering prevalent scenario in the State at that point of time and in turn, the Commission had granted time period till 31.12.2017 to file the Petition and the petition was filed on 30.12.2017. The Commission is entitled under the Statutory Regulations to abridge or extend time.

Commission's view

The Tariff Policy notified by the Ministry of Power provides that Commission should initiate tariff determination on a suo motu basis in case the licensee does not initiate filing in time. It is also provided that it is desirable that requisite tariff changes come into effect from the date of the commencement of each financial year.

Accordingly, in accordance with the MYT Regulations 2016, the Commission accepted delayed filing by the licensee and 30 days' time period was provided to the stakeholders to file their suggestions /objections from the date of publication of advertisement in daily newspapers. Subsequently, on request from some of the stakeholders, further time period (beyond 30 days) was also provided to them for filing suggestions and objections.

30. Procurement of power at competitive bidding

The objector sought procurement of power through competitive bidding only.

Response of DISCOMs

GUVNL has tied up power on long term basis to fulfill the requirement of its four subsidiary Discoms. Further, Intra-Stat ABT has been implemented in the State w.e.f. 5.4.2010. In accordance with the provision of Intra-State ABT Order of the Commission, power is procured in real time basis following the principle of Merit Order irrespective of ownership of generators whereby cheaper power is scheduled first till the demand of Discoms is met.

Commission's view

The Commission noted the response of the petitioners and agrees with the response. Further in large interest of the consumers, ABT mechanism has been developed where power is procured in real time basis following the principle of Merit Order irrespective of ownership of generators whereby cheaper power is scheduled first till the demand of Discoms is met.

31. Procurement of power by GUVNL from generating stations without approval of PPAs

The objector stated that GUVNL procures power at a higher rate from generating stations whose PPAs are not approved by the Commission.

Response of DISCOMs

For all the sources with whom GUVNL has signed PPA for procurement of power on long term basis, tariff for the same is either (i) approved by the Commission, (ii) approved by the CERC for Central Generating Stations, or (iii) discovered through competitive bidding process and adopted by the Commission.

As regards signing of PPA with wind power projects at Rs. 3.46/Unit, it is to state that these PPAs are subject to the approval of the Commission and petitions for approval of tariff are pending before the Commission.

Further, GUVNL trades the eventual surplus power and proceeds through trading of surplus power are being passed on to the Consumers of its subsidiary Distribution Companies.

Commission's view

The Commission noted the response of the petitioners. No such power source has been approved by the Commission whose PPA has not yet been approved.

32. Inclusion of UI charges in power purchase cost

The objector objected inclusion of UI charges in power purchase cost.

Response of DISCOMs

Deviation Settlement Mechanism, which was previously known as “Unscheduled Interchange”, is disciplined Item and charged for the deviation from the schedule. Rate of DSM/UI units varies time to time as it is linked with the Frequency. It is further to state that DSM /UI Charges are applicable for any deviation compared to schedule in terms of applicable CERC Regulations. Therefore, it is not correct to state that DSM/UI Charges is applicable only when deviation is beyond +/- 12%. The Over Drawl deviation is very small (0.4%) in comparison to total quantum of power purchase of 85625 MUs.

Commission’s view

The Commission noted the objection of the objector and response of the petitioners. Details on DSM charges are submitted by the petitioners in their respective petition while DSM sales in MUs have been sought as an additional detail and such details were also made available on the Commission’s website. Power Purchase cost approved for FY 2016-17 is detailed in the Chapter 4 of this order.

33. Non-submission of details regarding energy sold to GUVNL

The objector submitted that petitioners have not submitted any details regarding energy sold to GUVNL.

Response of DISCOMs

Besides retail sale to consumers by the Discom, GUVNL trades power on behalf of the Distribution Company. Therefore, energy traded on behalf of the Distribution Company is shown as sale to GUVNL in DISCOM’s account. For FY 2016-17, on behalf of Distribution Companies, GUVNL has sold surplus power of 319 MUs and Rs.114 Cr was earned on this account.

Commission’s view

The Commission noted the response of the petitioners which is self-explanatory. Further, revenue earned by GUVNL from trading of surplus power is negated from the power purchase cost and thus from ARR to pass on the benefits to the consumers.

34. Different T & D losses

The objector stated that transmission losses submitted by Discoms and GETCO transmission are different.

Response of DISCOMs

Intra State transmission loss is being applied as per Postage Stamp Method and same is considered @ 3.85% in the DISCOM's petition.

Distribution Licensees are also mandated to procure surplus renewable power locally (after giving set off at recipient unit for RE projects set up for captive/ Third party use) for which Transmission losses are not applicable. Therefore, it is not correct to state that Discoms have applied different GETCO transmission losses. The issue of GETCO transmission losses is more clarified in the additional information uploaded on the Commission's web-site.

Commission's view

The Commission noted the response of the petitioners which is self-explanatory.

35. Recovery of FPPPA Charges

The objector stated that petitioners are recovering more amount of power purchase cost on account of FPPPA charges.

Response of DISCOMs

All the generating stations from which Company/GUVNL is purchasing power, the cost for the same is determined / approved by the appropriate Commissions like cost of power purchase from GSECL stations is determined by the GERC, IPPs are governed by the provisions of PPAs, for central generating stations the tariff is either determined by the Central Electricity Regulatory Commission or Department of Atomic Energy in case of Nuclear Power Plant and in case of Competitive Bidding, the tariff is adopted by the GERC. The tariff for renewable sources is also determined by the GERC or through competitive bidding. Therefore, the tariff for entire power purchased by Company/GUVNL is determined /approved by the appropriate authority.

As per the order of the Commission, incremental power purchase cost over the base power purchase cost is to be recovered through FPPPA charges over and above the base FPPPA charges (i.e. Rs. 1.20/unit for FY 2016-17). Therefore, during FY 2016-17 incremental power purchase cost over the base power purchase cost of Rs. 3.76/Unit was recovered over and above the base FPPPA of Rs. 1.20/unit.

During FY 2016-17, average FPPPA was worked out to Rs. 1.61/Unit over base FPPPA of Rs. 1.20/Unit i.e. increase of 0.41/Unit. Considering incremental power purchase cost of Rs. 0.41/Unit, the power purchase cost for FY 2016-17 is worked out to Rs. 4.17/Unit (i.e. base power purchase of Rs. 3.76/Unit + 0.41/Unit) which is tallied with per unit power purchase cost as per annual account as well as power purchase cost disclosed at tariff filing format Form-2. Thus, there is no excess recovery of FPPPA charges from the consumers during FY 2016-17.

Commission's view

The Commission carry out detailed analysis of variation in fuel price on quarterly basis under FPPPA mechanism. The submission of the licensee in this regard is available on its website. The variation in quarterly FPPPA charges is reflection of fuel price as well as fixed charges and transmission charges related to procurement of power by the Distribution Licensee.

36. Deduction of cross subsidy charges and PoC charges outstanding from the consumers

The objector stated that outstanding cross subsidy charges and Parallel Operation Charges from consumers should be deducted from ARR and not to burden consumers.

Response of DISCOMs

Amount accrued on account of cross subsidy surcharge and Parallel operation charge from the respective consumers is duly accounted under 'Other Income / Non-Tariff Income' and treatment of the same is given accordingly.

Commission's view

The Commission noted the response of the petitioners. The Commission has approved non-tariff income in accordance with the GERC (MYT) Regulation, 2016. Further, non-tariff income is negated from total ARR and thus is not considered to determine tariff for the consumers.

37. To link RoE with performance of the petitioners

The objector suggested to link Return on Equity with the performance of the petitioners.

Response of DISCOMs

The petitioners have not furnished any comments in this regard.

Commission's view

The Commission approves normative equity addition at 30% of approved capitalization and allows Return on Equity at the rate of 14%. Further, as per Regulation 33 of the GERC (MYT) Regulations, 2016, where actual equity employed is more than 30% of capital cost approved by the Commission, the amount of equity for the purpose of tariff is limited to 30% and the balance is considered as loan, thereby capping the equity at 30% of the capital cost approved by the Commission. Further, petitioners' under/over performance with respect to reduction in T & D loss is taken care while sharing gains/ losses with consumers as per the GERC (MYT) Regulations, 2016.

38. Capital Investment to be verified with sale of energy

The objector sought verification of capital investment of the petitioners in context of projected and actual sale of energy.

Response of DISCOMs

Most of the capital investment schemes by the Discoms are of continuous and ongoing nature. These are based on yearly targets set for meeting the supply obligation, providing quality and reliable power to consumers, reduction in losses, release of agriculture connections, etc

Commission's view

The Commission noted the response of the petitioners. The Commission has approved capital expenditure as detailed in Chapter 4 of this order after verification of documents and prudence check.

39. Redetermination of ARR of FY 2016-17 and truing up of FY 2016-17 as per provisionally approved ARR and GERC (MYT) Regulations, 2011

The Objector has submitted that there is no provision in either E.A. 2003 or MYT or other Regulations to determine the ARR for the same financial year (FY 2016-17) because the sharing of gain/loss of controllable and uncontrollable factors of tariff is the comparison of approved value with the actual received in the truing up. The question is which ARR is to be considered valid which is approved in the tariff petitions No. 1547/1548/1549/1550 of 2015 which is based on the MYT Regulations, 2011 or approved in the tariff petitions No. 1622/1623/1624/1625 of 2016 which is based on the MYT Regulations, 2016. Both the tariff orders for approval of ARR of FY 2016-17 are valid and legal.

ARR is approved in Petitions No. 1547,1548,1549 and 1550 of 2015 vide order dated 31.03.2016 is based on the MYT Regulations, 2011 and petitioners have recovered the charges on the strength of the said order, how the truing up of the same ARR can be carried out under MYT Regulations, 2016 and with the ARR approved in the Petitions No.1622,1623,1624 and 1625 of 2016 Order dated 31.03.2017. The ARR for FY 2016-17 under the MYT Order is after completion of FY 2016-17 and no tariff increase or decrease was decided in the said order dated 31.03.2017. The Objector submitted that the truing up of FY 2016-17 should be compared with ARR determined vide Orders dated 31.03.2016 and not at all with ARR approved in Orders dated 31.03.2017.

Response of DISCOMs

ARR and Tariff Petition is filed following the Multi Year Tariff Regulations, 2016 and directions issued by the Commission from time to time.

As regards determination of final ARR for FY 2016-17, the GERC has by order dated 02nd December, 2015 in the Petition No. 1534/2015 decided that approved ARR of FY 2015-16 of the licensees / generating companies concerned be considered as provisional ARR of the licensees / generating companies for FY 2016-17 and that the licensees / generating companies shall file the ARR for FY 2016-17 based on the new MYT Regulations and the true up for the same shall also be governed as per the new MYT Regulations.

Accordingly, in terms of above order, True-up for FY 2016-17 is to be carried out based on the final ARR approved by the Commission vide Order dated 31.3.2017.

Commission's view

The Commission noted the response of the petitioners. Tariff Policy provides that it is desirable that requisite tariff changes come into effect from the date of the commencement of each financial year. Accordingly, the Commission adopted ARR approved for FY 2015-16 as provisional ARR for determination of tariff for FY 2016-17. In order to carry out truing up exercise for FY 2016-17, it is required to approve final ARR for FY 2016-17 with targeted/benchmarked controllable parameters as specified in new MYT Regulations. Accordingly, approval of ARR for FY 2016-17 considered by the Commission in MYT Order. Further the deviation between provisional ARR and final ARR is required to be considered as uncontrollable.

40. Problems of low voltage and violation of Section 126 of the Electricity Act, 2003

The objector pointed out low voltage problems being faced by consumers connected with agriculture feeders and not to penalize consumers under Section 126 of the Electricity Act, 2003 under such low voltage conditions.

Response of DISCOMs

Agriculture Feeders have been separated out from the Rural Category feeders by the Company while implementing the JGY Scheme. Now Agriculture Category Consumers are fed through exclusive feeders i.e. Ag. Dominant feeders. With the increase in generation in the State, overall voltage profile has improved substantially. Moreover, since Pump set of the agriculture consumer is submerged, it is not possible to read the name plate details of the Pump Set for verifying the connected load. Hence for verifying the connected load of agriculture consumer, actual technical parameters are measured with the help of accucheck meter. Accucheck meter takes care of all technical parameters including supply voltage level available at the consumer premises and accordingly connected load is being measured. If the measured load is more than the contracted load, actions are taken for utilization of additional load than sanctioned load. Further, on input quantity so measured, 15% efficiency benefit is also to be considered in terms of directive of the Commission to arrive at connected load.

Commission's view

The Commission noted the response of the petitioners which is self-explanatory. Such instances of low voltage may be brought to the notice of the respective Consumer Grievances Redressal Forums as specified in the GERC (Consumer Grievances Redressal Forum and Ombudsman) Regulations, 2011 for immediate and effective redressal.

41. FPPPA and Excess Demand Charges from CPP

The objector stated that three times demand charges are being recovered by the petitioners from CPP consumers for the excess demand due to costly power purchased by the petitioners to meet such excess demand. Petitioners have FPPPA mechanism where they can recover incremental cost of power purchase and thus recovery of 3 times demand charges for excess demand is not permissible.

Response of DISCOMs

Demand charges from the CPP is recovered as per the provisions of Tariff and relevant orders issued by the Commission.

Commission's view

The Commission noted the objection raised by the objector and response of the petitioners. Excess demand hampers the operation of the grid and thus should be penalized accordingly. To link demand charges in case of excess demand with recovery of FPPPA charges is not correct as one is meant for penalizing the consumers to stay within the contract demand and another is recovery mechanism for incremental power purchase cost.

42. Over compensation in application of formula for assessment under Section 126 and 135

The objector stated that under cases of Section 126 and Section 135 of the Electricity Act, 2003, FPPPA rate is doubled which results in over compensation.

Response of DISCOMs

Petitioners submitted that in terms of tariff order of the Commission, FPPPA is a part of tariff and, therefore, while assessing bill under section 126 or 135, applicable FPPPA charges are taken into account.

Commission's view

The Commission noted the objection raised by the objector. Since, the said objection is not a part of the current tariff petition. It has to be dealt with by the Electricity Supply Code Review Panel.

43. Voltage neutral FPPPA charge

The objector sought for voltage neutral FPPPA charge stating the reason that consumer connected at 220 kV will be at a loss level of 2% but pays for 33% loss and current FPPPA formula does not make any distinction between voltage levels.

Response of DISCOMs

The Commission has allowed Discoms / GUVNL to claim the increase in the Fuel Price and Power Purchase Adjustment according to the formula approved by the Commission for increase in Fuel Price and Power Purchase Adjustment (FPPPA) cost from its customers. The incremental cost paid by GUVNL/Discoms compared to base year for purchase of power from various sources is to be recovered by Discoms as Power Purchase Price Adjustment mechanism from consumers.

Petitioners have also submitted that the basic nature of FPPPA is ‘adjustment’ related to power purchase cost i.e. passing on the increase or decrease, as the case may be. The FPPPA charge is being levied on the consumer categories on account of change in the cost of power generation and power procured due to change in fuel cost, which comprises almost 80% to 90% of the Distribution Licensee’s Aggregate Revenue Requirement, and any expense pertaining to the regulated business of the Distribution Licensee has to be recovered from all consumers in some manner. Therefore, the FPPPA charges are recovered in the form of an incremental energy charge (Rs/kWh) recovered on uniform basis and forms part of the energy bill to be served on monthly/bimonthly or any other periodical basis.

Also, the Commission has approved tariff rate on the basis of overall cost of power and is not decided based on the different voltage level. Hence, in order to implement the suggestion, the first target should be to replicate Cost to Serve as the tariff for that voltage category which is neither possible nor in terms of principle of Tariff Policy which contemplate for cross subsidization within +/- 20% of average Cost to Serve.

Commission’s view

The Commission noted the response of the petitioners which is self-explanatory.

44. Power Factor Penalty on recorded demand and not on billing demand

The objector sought applicability of power factor penalty on recorded demand and not on billing demand.

Response of DISCOMs

Power Factor penalty/ rebate are levied on “Energy Charges” only.

Commission’s view

The Commission noted the response of the petitioners which is self-explanatory. Power Factor Penalty is not levied on demand charges and thus question of penalty on billing demand does not arise.

45. Details of all the cases filed in High Court/Supreme Court by or against the Consumers

The objector sought the details of cases filed in High Court/Supreme Court by or against the Consumers to deliberate on the issues leading to filing of large number of cases.

Response of DISCOMs

Suits are filed against consumers or appeal with Hon'ble High Court or Hon'ble Supreme Court based on merits of the case to safe guard the interest of the Distribution Company and consumers at large.

Further, the objector has also raised following additional issues:

Reconnection Charges Without Disconnection:

Reconnection charges are recovered without Disconnection.

Recovery of PoC:

Parallel Operation Charges are levied as per Order of The GERC.

"Consumer Charter" is placed at a prominent place in all Subdivision offices providing vital information to the consumers. It is also placed on the web-site of consumer. The consumer can also approach to local office for any guidance.

Commission's view

The Commission noted the response of the petitioners and is of view that such matters shall be dealt separately and not as part of current tariff petitions.

46. Inspection of consumers' premises and authority to enter the premises

The objector sought clarification on authorities who can enter and inspect consumers premises.

Response of DISCOMs

Government of Gujarat has vide notification dated 5th June, 2004 designated Officers of the Company (rank of Junior Engineer and above) for exercising powers of Assessing Officer under Section 126 within the area specified and exercising the Power under sub-section 135 within the area specified.

Commission's view

The Commission agrees with the response of the petitioners.

47. Performance of electronic meters

The objector objected the use of electronic meters stating poor performance of the electronic meters under overload or near full load conditions.

Response of DISCOMs

Meter Supplier supplies meter as per A/T Conditions, issued following provisions of relevant IS. No oral specification is conveyed to any of the supplier.

Commission's view

The Commission agrees with the response of the petitioners.

48. Abuse of Section 126 and 127 of the Electricity Act, 2003

The objector stated that consumers are being harassed by the petitioners with abuse of Section 126 and 127 of the Electricity Act, 2003 and by expression of 'Proportionate Units'.

Response of DISCOMs

Under the "Connected Load Based Tariff" consumer can connect load as per his contract demand. However, in case where units consumed are duly metered, no additional units are worked out either as per LHF formula or on Proportionate Basis for additional connected load.

Assessment on the basis of proportionate units is carried out only when the units consumed are duly metered and connection is found to be utilized for other than the authorized purpose or place.

Company follows the provisions of Regulations and Act while inspecting any premises under Section 135 and assessing any consumer under Section 126.

Commission's view

The Commission noted the response of the petitioners which is self-explanatory.

49. Mischief in HTP III tariff category

The objector stated that deemed applicability of HTP III tariff category to consumers not taking supply on regular basis under a proper agreement results to applicability of rates of HTP III category in case of penalizing of HTP I or HTP II category consumers, and therefore, needs clarity that penalty would be on the applicable tariff and expression 'not taking supply on regular basis under a proper agreement' will not be revoked.

Response of DISCOMs

Response is not clear and no Annexure is found with the response. However, it is to state that provisions of "Unauthorized Use of energy" are applied only in case of breach of provisions under Section 126 and dealt with in accordance with the provisions of Act and Regulations.

Commission's view

The Commission noted the objection raised by the objector and response of the petitioners. Assessment of energy in cases of theft/ unauthorized use of electricity is carried out in accordance with the formula specified in Annexure IV of the GERC (Electricity Supply Code and Related Matters) Regulations, 2016 and applicable tariff is used to assess the energy for the said cases.

50. Security Deposit and Reconnection Charges without Disconnections

The objector stated that load factor to calculate security deposit is high and petitioners are collecting reconnection charges without disconnection of electricity supply.

Response of DISCOMs

Security Deposit is recovered from the consumer as per the provision of Security Deposit Regulations notified by the Commission and Reconnection charges are recovered only if the connection is physically disconnected.

Commission's view

The Commission noted the objections raised by the objector and response of the petitioners and is of view that such matters should be raised before respective Consumer Grievances Redressal Forums.

51. Night time concessional tariff

The objector stated that night time tariff category should not have any demand charges.

Response of DISCOMs

The fixed charges are levied from the consumer to recover company's fixed cost which company is incurred irrespective of consumption and time of consumption by the consumer. Fixed charges mainly cover fixed cost of generating stations / Transmission Licensee and fixed components of Discoms like cost of infrastructure, employee cost, R&M cost, A&G cost etc. Therefore, any kind of discrimination among the tariff categories would lead to passing on the burden on the other tariff categories. Thus, it is not appropriate to have different fixed charges for the consumer of the same class category.

Commission's view

The Commission noted the response of the petitioners which is self-explanatory.

52. Determination of tariff for SEZ distribution licensee procuring electricity from the petitioners

The objector requested for separate tariff category for supply of electricity by the petitioners to those licensees which are operating in the State of Gujarat either as SEZ Developers or have obtained license from the Commission by way of application considering (i) Periphery tariff of distribution licensee or (ii) BST rate determined by the Commission plus premium on it.

Response of DISCOMs

The Commission determines the Tariff in accordance with the provisions of Electricity Act, 2003. Accordingly, the Commission determines the tariff for retail sale to consumers besides transmission tariff, approval of the tariff discovered through competitive bidding for respective generating unit(s)/ station, renewable energy sources etc. Tariff for supplying power by one Distribution Licensee to other Distribution licensee or to SEZ developers is always on mutually agreement basis and cannot be determined by the Commission.

Commission' view

The Commission noted the response of the petitioners and is in agreement with the same.

53. Non-recovery of Cross subsidy Surcharge and Additional Surcharge

The objector stated that the petitioners should not charge cross subsidy surcharge and additional surcharge for the power purchased by the objector or such distribution licensees simultaneously through open access from any other source and from petitioners as a consumer.

Response of DISCOMs

Cross Subsidy Surcharge and Additional Surcharge are recovered as per the relevant provisions of Open Access Regulations and order of the Commission in this regard.

Commission's view

The Commission noted the response of the petitioners. During the course of hearing, it was confirmed by the petitioners that distribution licensee is exempted from payment of Cross subsidy Surcharge or Additional Surcharge.

54. Applicability of HTP IV tariff category for all sick industrial units

The objector sought applicability of HTP IV category tariff for all sick industrial units and also for applicability of said tariff category for 24 hours instead of just night hours.

Commission's view

The Commission noted the suggestion of the objector. Since, the suggestion was sent late by the objector, views on the suggestion could not be obtained from the petitioners. Without giving an opportunity of hearing on the objection to the licensees and going into details about implication on the licensees' revenue, it is not appropriate and valid to implement the suggestion. Therefore, at present the Commission does not take any view on the suggestion.

55. Submission of consolidated formats for category-wise sales and revenue

The objector stated that GUVNL should submit consolidated formats for category-wise sales and revenue.

Commission's view

The suggestion was sent late by the objector, views on the suggestion could not be obtained from the petitioners. However, as per the GERC (MYT) Regulations, 2016, petitioners are not required to submit consolidated data for sales and revenue since, the revenue gap/ surplus for the truing up year of individual Discom is worked out on the basis of their separate ARR and Revenue.

56. Sharing of Profit of GUVNL

The objector stated that profit of GUVNL should be deducted from total power purchase cost.

Commission's view

It is to clarify here that, profit earned by GUVNL from its activities is distributed amongst DISCOMs as the entire cost of GUVNL is being borne by DISCOMs and ARR of the DISCOMs to that extent is reduced.

57. Consideration of O & M expenses as controllable

The objector stated that any variation in actual O & M expenses than approved O & M expenses should be considered as controllable and not to allow pass through of its two third amount to consumers as deviation shows inefficiency of distribution utilities.

Commission's view

The deviation in actual O & M expenses with approved O & M expenses is considered as Gain/ Loss due to controllable factor as per Regulation 22.2 of the GERC (MYT) Regulations, 2016. Further, any gain arising out of such controllable parameter is negated from Approved ARR to work out revenue gap/ surplus and thus it is passed on to the consumers as a rebate in tariff, in accordance with Regulation 24.1 of the GERC (MYT) Regulations, 2016. Same way, any loss arising out of this controllable parameter is added into approved ARR to work out revenue gap/ surplus and thus it is passed on to the consumers as addition in tariff in accordance with Regulation 24.2 of the GERC (MYT) Regulations, 2016.

58. Depreciation on Assets under Transfer Scheme

The objector stated that petitioners have used straight line method to work out depreciation on assets while depreciation on assets under the transfer scheme should be worked out in accordance with Regulation 39 of the GERC (MYT) Regulations, 2016.

Commission's view

Regulation 39 of the GERC (MYT) Regulations, 2016 provides for charging depreciation on assets under transfer scheme on straight line method as per the rates specified in the GERC (MYT) Regulations, 2016 for a period of 12 years from the date of the transfer scheme and then spread depreciation over the balance useful life of the assets. Distribution utilities have been charging depreciation on the assets under transfer scheme accordingly. However, a period of 12 years from the date of transfer scheme will be over in the year 2016-17 and accordingly, depreciation shall be charged from the 13th year i.e. FY 2017-18 as provided in the Regulations. The Commission has already directed the petitioners in this regards vide Order dated 31.03.2017.

59. Justification about other debits

The objector stated that petitioners have not justified other debits of Rs. 44 Crore.

Commission's view

Other debits have been considered as part of O & M expenses. However, it is to mention that item-wise break up of O & M expenses were sought by the Commission as an additional details and submitted by the petitioners which were made available on the Commission's website. O & M expenses have been approved in accordance with the GERC (MYT) Regulations, 2016 as detailed in Chapter 4 of this order.

60. Introduction of rebate for better load factor

The objector sought for introduction of rebate for better load factor.

Commission's view

Prior to introduction of rebate for better load factor, a detailed analysis of the consumption pattern of petitioners 'consumers, its impact on load curve, load generation balance data of each time block and real time price variation in energy portfolio of the petitioners is required to strike a balance between the groups of consumers proposed to get the benefit and the remaining set of consumers.

61. Discrimination between peak hour charges and night rebate concession

The objector stated that peak hour charges and night rebate concession charges should be same.

Commission's view

The objective of giving night benefit to the consumer is to shift their demand to off peak hours and thereby help the grid as well as to flatten the demand curve of the utility. But the consumers who are otherwise of continuous demand nature or as a part of their process they consume power during night hours cannot be considered to have made additional efforts to shift the load from peak hrs. Therefore, the night hours concession is given on the energy consumption during night hours in excess of one third of the total energy consumption of particular month. The said issue was also taken up in earlier tariff orders.

62. Higher Demand Charges

The objector stated that demand charges in case of demand in excess of 1000 kVA is higher if converted into per unit demand charges considering utilization factor of HT industries between 30 % to 45%.

Commission's view

For any business, the fixed costs of the business should be recovered from fixed charges. Also, such recovery of fixed cost from consumers having different contracted demand cannot be identified as the consumer who utilizes the system more should pay more. Accordingly, present structure of levy of demand charge does not require any modification.

63. Applicability of normal agriculture tariff to Sinchai Sahakari Piyat Mandli in place of applicability of LTP category tariff.

Response of DISCOMs

Petitioners, during the course of hearing, submitted that LTP tariff is applicable to Low Tension Agriculture consumers requiring 24 hours power supply for lifting water from surface water source such as canal, river, dam and supplying water directly to the fields of farmers for irrigation while normal agriculture tariff is applicable to individual agriculture consumers being provided 8 hours power supply. Further, it is stated that any change or modification in the tariff category should be revenue neutral to the petitioners.

Commission's view

The Commission agrees with the petitioner that higher energy charge for LTP IV and HTP V category consumer is appropriate looking to availability of 24 hours power supply. However, the Commission is of the view that there is a need to encourage 'Piyat Mandalis' and use of surface water for irrigation purpose on co-operative basis and to reduce demand for separate connection of individual farmer. The Commission has revised the tariff schedule accordingly.

64. Prior intimation to consumers before disconnection of the electricity connection

The objector stated that consumers should be given prior intimation about disconnection of electricity connection in case of Section 135, Section 126, non-payment of dues and such disconnection should not be carried out after 3 PM or on Public Holidays.

Commission's view

Disconnection of supply in case of Section 135 is carried out as per the Electricity Act, 2003 while disconnection of electricity connection in case of non-payment of dues is carried out in accordance with GERC (Electricity Supply Code and Related Matters) Regulations, 2015 where such procedure for disconnection is detailed. As per the said Regulations, consumers shall be provided prior notice for payment of such dues and in case of non-payment of such dues even after completion of the notice period, such disconnection to be carried out.

65. Centralised system of appointment

The objector stated that centralised system of appointment should be established instead of each distribution utility carrying out separate appointments.

Commission's view

Appointment of staff is the administrative matter of the utilities and does not fall within the jurisdiction of the Commission.

66. Temporary supply for agriculture irrigation purpose

The objector stated that temporary supply should be provided to agriculture consumers for irrigation purpose.

Commission's view

Large number of agriculture connection applications are pending with the four State Owned DISCOMs. Considering the current scenario, it would not be appropriate to provide temporary electricity supply to agriculture consumers for irrigation purpose. This issue is not a subject matter of present petition.

67. Compulsory requirement of temporary power supply

The objector stated that in case of reconstruction of existing property, there is compulsory requirement of temporary supply for construction purpose.

Commission's view

Regulation 12.1 of the GERC (Standard of Performance of Distribution Licensee) Regulations, 2005 specifies that the consumers may get temporary supply for construction of residential houses, complexes, commercial complexes, industrial premises and for illumination during festivals, etc. However, this issue is not a subject matter of present petition.

68. Quality of Power Supply

The objector stated that consumers are facing issues of voltage fluctuations, especially in Bopal area.

Response of DISCOMs

Petitioners submitted that they have not received any such complaints of voltage fluctuations from consumers residing in Bopal area. However, a study in the said area was carried out where voltage variations were found within permissible limits.

Commission's view

Though the issue is not a subject matter of present petition, the petitioner is directed to look into the matter and ensure voltage supply within permissible limits.

69. Blacklisting of defaulters from taking part in competitive bidding process of GUVNL

The objector stated that IPPs such as Adani Power Limited, Essar Power Limited are defaulters in providing supply to GUVNL and therefore should be blacklisted from taking part in competitive bidding process of GUVNL for procurement of power.

Commission's view

Procurement of power through competitive bidding is to be done by GUVNL following the guidelines issued by the Ministry of Power, Government of India, in this regard.

3.3 Issues pertaining to PGVCL

1. Higher employee cost and A & G expenses than approved

The objector stated that the employees cost of Rs. 839.39 Crore is higher than allocated cost of Rs. 637.21 Crore. During FY 2014-15 this difference between actual employee cost and approved employee cost was nearly 29% while during FY 2015-16, though % difference is less but still there is a difference of Rs. 47 Crore. Further, actual A & G expenses during FY 2016-17 are also higher than the approved A & G expenses.

Response of DISCOM

Petitioner submitted that the growth rate of PGVCL in terms of number of consumers is @ 3.75%. Moreover, Company has ambitious Capital Expenditure Plan and since last two years more than Rs. 1550 Crores have been spent under this head. During the year 2016-17 PGVCL spent Rs. 1389 Crores as a capital expenditure under various heads. PGVCL has adopted HVDS (High Voltage Distribution System) for releasing new Agricultural connections since 2009-10.

Naturally all these activities necessitate corresponding increase in employee and A&G expenses. Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses etc. Expense incurred under this head by the Company is mainly following the guidelines issued by Competent Authority like State Government. Hence, the entire expenditure is a legitimate expenditure and any variation is purely beyond its control.

Commission's view

The Commission has noted the response of the petitioner about increase in O & M expenses. However, the Commission has not considered provision for 7th Pay Commission while considering employee expenses as it is just a provision and actual payout has not occurred. Further, the Commission has approved A & G expenses in accordance with the GERC (MYT) Regulations, 2016 after prudence check.

2. Poor T & D losses

The objector stated that PGVCL has been poor in reducing the AT & C losses. This time T & D losses are marginally decreased than the approved losses by the Commission. Some radical changes are required to reduce the losses. It is further stated that all the schemes which can contribute in lowering T & D losses are given last priorities and SCADA budget has not been utilized at all. Also, for energy efficient pump set project, energy conservation, APFC, no budget is used.

Response of DISCOM

Petitioner submitted that Company takes various steps, narrated as under, for reduction of Distribution Losses. Company makes all efforts for reduction of Distribution losses and endeavors to achieve the loss reduction trajectory as approved by the Commission.

Technical Loss reduction Activities are planned as under:

- Proper maintenance & replacement of conductor & cables with proper size.
- Providing amorphous transformers & balancing load on each phase along with bringing transformer in load centre.
- Bifurcating all required feeders
- Minimize all joints in lines etc. by proper maintenance.
- Releasing most of the new AG connections with HVDS to reduce LT line losses.

Commercial Loss reduction Activities:

- Vigilance activities and regular checking drives to curb the power theft.
- Providing Arial bunch conductor/insulated conductor/XLPE cable & armored services to eliminate power theft by direct hooking.
- Replacing services having joints, provide meters outside the entrance of premises.
- Replacing electromechanical meters by static meters.
- Replacing all faulty/burnt meters & making all installation pilferage proof.

Various Other activities done for loss reduction are narrated as under (category wise):

Sr. No.	Description	Unit	2016 -17	2017-18 Up to Dec.'17
1	Maintenance			
	HT line	KM	95611	69366
	LT line	KM	47815	33053
	Transformer	No.	73714	44644
	Village	No.	1750	1827
	XLPE conductor/CABLE replaced	KM	33	24
	Arial Bunch Conductor provided	KM	3230	1721
	Conductor replaced	KM	7784	7784
2	Installation Checking			
	Nos.	No.	1050097	434114

	Detection	No.	176603	63746
3	Meter Replacement			
	1 Ph.	No.	362775	232270
	3Ph.	No.	47320	39310
4	Installation Sealing			
	1Ph	No.	476946	377696
	3Ph	No.	87929	68827
5	Installation of Meter Boxes.			
	1Ph	No.	326686	219483
	3Ph	No.	103513	81426
6	Feeder Bifurcation	No.	113	82
7	Panel Meter testing	No.	12233	7380

Distribution Losses of the Company for last five years is as under.

Category	2012-13	2013-14	2014-15	2015 – 16	2016-117
H.T. Ind.	1.97	1.94	1.72	1.34	1.83
LT IND	2.29	2.69	2.23	2.46	2.66
Urban	18.35	16.57	15.40	14.74	13.88
AG DOM	39.80	27.04	34.83	36.10	31.16
JGY	45.88	40.51	38.28	35.9	32.68
G.I.D.C.	2.51	3.54	3.15	2.68	2.69

Company has achieved a significant reduction in distribution losses, during recent years. These efforts shall continue and will be enhanced. However, loss reduction is a slow process and becomes increasingly difficult as the loss level goes down. It can be visualized from the table above that there is overall reduction in Distribution Loss of all category of feeders. Distribution Loss of Agriculture category is highly influenced by the amount and spells of rainfall etc. particularly during monsoon season. However, with the continuous efforts and expeditious release of new connections, the loss in Agriculture category has also reduced. Distribution loss is a controllable factor and treatment for the deviation is given accordingly while computing the revenue gap for FY 2016-17.

SCADA:

Distribution SCADA (Supervisory Control and Data Acquisition Systems) helps in plugging pilferage points, better power supply management through faster identification of faults & early restoration, proper metering, strategic placement of capacitor banks & switches and proper planning & designing of distribution networks. SCADA is to be implemented through SCADA Implementation Agency (SIA). SIA was to be finalized in consultation with PFC. SCADA implementation Progress is reviewed, monitored and shared with PFC.

Commission's view

The Commission noted the response of the petitioner. The Commission also appreciates the efforts made by PGVCL in achieving target of loss reduction. The Commission is of the opinion that the presence of large rural network under PGVCL has impacted its loss reduction trajectory, thereby T&D loss level remains significantly higher as compared to other three Discoms. However, loss reduction activity being continuous activity, the Commission is of the view that sustained and concerted efforts should be made to reduce the losses in coming years also.

3. Slow progress in providing meters on un-metered Agriculture Connections

The objector stated that the petitioner has not been able to achieve the target of metering of un-metered agriculture connections and progress has been very slow.

Response of DISCOM

Petitioner submitted that since 2001, no new connection is released without meter. Moreover, following the provisions of CEA regulations now only Static meters are procured and provided, PGVCL replaces the old electromechanical meters with the Electronic/ Static meter and thus, PGVCL takes effective steps for increasing the metering efficiency. As on date 2.59 Lakhs Agriculture consumers are billed as un-metered. Providing meter at un-metered Agriculture consumer is a very difficult task as the stiff resistance from farmers may lead to social un-rest like condition. Further, at many of the places neither appropriate room nor place is available for meter installation.

Commission's view

The Commission has taken a note of the objection raised by the objector and response of the petitioner. The Commission has been giving utmost priority to metering of un-metered agriculture connections and the progress of metering of un-metered agriculture connections by all four State Owned Discoms is monitored at quarterly interval. However, the Commission is of the opinion that consumers' organizations may also take a lead in convincing the unmetered agriculture consumers to accept the metering of their connections.

4. HVDS scheme failed to fetch desired results

The objector stated that HVDS scheme fetches no result and with huge budget spent on the scheme there has been marginal decrease in T & D losses.

Response of DISCOM

Petitioner submitted that HVDS scheme is meant to reduce losses and to enhance the reliability of power supply. Since implementation of the Scheme is undertaken by PGVCL in phased manner, being material and manpower intensive scheme results of the Scheme are yet to come. Once a major portion of the distribution network is converted to HVDS, it's fruits will be visible. Status of Distribution Loss of different Agriculture Dominant feeders converted to HVDS uptill now is given here under:

Status of Dist. Loss of HVDS feeders				
Sr. No.	**Completed Year**	**Nos of Ag. Dom. Feeder**	**% Dist. Loss (Before HVDS)**	**% Dist. Loss (After HVDS as on Mar'16)**
1	2008-09	6	43%	17%
2	2009-10	8	60%	26%
3	2010-11	56	61%	35%
4	2011-12	13	56%	33%
5	2012-13	71	62%	30%
6	2013-14	77	64%	35%
7	2014-15	94	65%	40%
8	2015-16	127	49%	39%
9	2016-17	91	54%	40%
TOTAL		543	59%	35%

From the above, it is clear that losses have reduced in the feeders which are converted to HVDS.

Commission's view

The Commission noted the response of the petitioner. The Commission appreciates the efforts made by PGVCL in achieving loss reduction. The Commission, while agreeing with the response of the petitioner about implementation of HVDS scheme aimed at reducing overall technical losses and eliminating pilferage of energy by tapping LT lines, expects the Petitioner to expedite the said scheme to bring down the losses further.

5. Merging of meter rent with fixed charges

The objector, based on the proposal of the petitioner about merging of meter rent with fixed charges, objected the proposal stating that collection of meter charges is debatable.

Response of DISCOM

Merging of meter rent is proposed by the petitioner to avoid the issue of applicability of multiple taxes such as electricity duty on energy charge and fixed charge and GST on meter charge. Moreover, many a times it has been represented by various consumers Groups at different level. It would be apt to mention that to neutralize the revenue it has been appropriately proposed to recover through Fixed or Demand Charges.

Commission's view

The Commission has taken a note of objection raised by the objector and after deliberations on proposal of the petitioner, it has been decided to abolish the meter rent being levied by the distribution utilities from the consumers requiring electric supply.

6. Clarification on switching over option from HTP I to HTP IV tariff

The proposal of the petitioner regarding replacement of word 'and' by the word 'or' in the option of switching over from HTP I to HTP IV, stated that at present a consumer can switch over the tariff four times i.e. two cycles of switching over in a calendar year and with proposed change only one such cycle would be possible.

Response of DISCOM

Petitioner submitted that change is proposed to spell out clarity in applicability as present provisions begins with the HTP – I to HTP – IV which necessitate that every HTP – IV consumer has to be HTP – I at the beginning of the Calendar Year.

Commission's view

The Commission has taken a note of the objection raised by the objector and after deliberations on the proposal of the petitioner, it is decided that the option can be exercised to shift from regular tariff category to exclusive night time tariff or from exclusive night time tariff category to regular tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.

7. Metering of distribution transformers

The objector stated that petitioner is providing meters on distribution transformers but no readings are taken from these meters.

Response of DISCOM

Petitioner submitted that the activity of installation of meters on distribution transformers is aimed at identifying the loss making pockets. Where loss level is high efforts can be concentrated on such pockets only to reduce the losses further. As mentioned earlier, the loss level in PGVCL area is more in JGY and AGDOM feeders. On the other categories of the feeders the loss level is significantly lower. The loss levels on the JGY and AGDOM feeders are so high that it requires massive action on the fronts of Technical loss reduction activities and Commercial Loss reduction activities. Table below show the progress of DT meter installation by PGVCL;

Sr. No.	Particulars	Nos. of Transformers	Nos. of Meters Installed
1	Other than AG	105425	105425
2	AG	606872	565250
3	Total	712297	670675

Commission's view

While noting the response of the petitioner, the Commission is of the view that activity of installation of meters on AG transformers needs to be speeded up. Further, as per the directive of the Commission given in the Tariff Order dated 31.03.2017, the petitioner should keep submitting progress report on quarterly intervals.

8. Penalty charge for increase in contract demand in case of HTP I category

The objector suggested to penalize consumers for excess demand in terms of percentage increase of regular demand charges of the respective contract demand.

Response of DISCOM

Petitioner submitted that suggestion to link the excess demand charges to the normal demand charges based on its contract demand is not logical as any consumer using load in excess of its contract demand causes the same effect on the Distribution System irrespective of its contract demand, therefore excess demand charges should not be linked with the normal demand charges.

Commission's view

The Commission agrees with the response of the petitioner which is self-explanatory.

9. Shifting of peak hours for Time of Use charges:

The objector has sought change in peak hours for Time of Use Charges.

Response of DISCOM

Petitioner submitted that cost of supplying power at peak hours is significantly higher and network requirement for peak hour supply is also high. Thus, tariff structure is devised recognizing this fact and allowing recovery at higher rates for peak hour use.

As regards morning peak, it is to state that two peak hours' time zones are in place since very long, therefore, the consumers' consumption pattern has been set accordingly. It is natural that as Morning sets, the domestic loads get added in the System and also "Commercial", "industrial" loads etc. Consumers governed by the "Time of Use Charges" also set their consumption pattern accordingly. Therefore, the present "Load Curve" reflects the present consumption pattern and behavior of the consumer. Any change in the peak hour time zone shall change the consumption pattern and accordingly "Load Curve" will also change. Therefore, present peak hours' time zones are appropriate and need no change.

Commission's view

The Commission is in agreement with the response of the petitioner. Since the present Load Curve is controlled due to defined peak hours, it does not reflect the unrestricted peak demand during these hours.

10. Introduction of Power Factor rebate for maintaining power factor between 0.90 to 0.95 and increase power factor rebate for maintaining power factor above 0.95

The objector has sought introduction of power factor rebate for maintaining power factor between 0.90 to 0.95 and also to increase power factor rebate to 1% of energy charge for maintaining power factor above 0.95.

Response of DISCOM

The power factor incentive rate of 0.5% is fixed by the Commission in Review Petition no 1, 2 & 3 of 2007 filed by Western Railway after a lot of discussion & deliberation from both the sides. The issue was deliberated at length by the Commission in the previous Tariff Orders. It was decided by the Commission that PF rebate is being given to incentivize the consumers to install and maintain the capacitor banks for maintaining power factor. Historically, the rebate offered through tariff schedule is based on energy charges arrived at, using energy charge rate given in the tariff schedule. Any revision in the energy charge in the tariff schedule takes care of change in the cost of installation and maintenance of the capacitor banks installed by the consumers. The rebate offered through tariff schedule is for maintaining power factor within the prescribed limit and incentivizing the prospective consumers for installation of capacitor banks.

Commission's view

The Commission agrees with the response of the petitioner which is self-explanatory.

11. Application of HTP – IV rate to the HTP – I for night time consumption

The objector suggested to make tariff of HTP IV category applicable to consumers covered under HTP I category.

Response of DISCOM

Petitioner submitted that HTP- IV tariff is a special category for the high tension consumers for utilization of power exclusively during night hours.

Sheer objective of giving night benefit to the consumer is to shift their demand to off peak hours and thereby to help the grid as well as to flatten the demand curve of the utility. But the consumers who are otherwise of continuous nature or as a part of their process they consume power during night hours (in addition to their consumption during the day period) cannot be considered to have made additional efforts to shift the load from peak hrs to night hours. Therefore, the energy charges for the night hours consumption by such consumers can't be at par with the energy charges of the consumers utilizing power supply exclusively during night hours.

The provision of exclusive night tariff (HTP-IV) is also in accordance with Section 62(3) of the Electricity Act, 2003 which states that the Appropriate Commission shall not, while determining the tariff under this Act, show undue preference to any consumer of electricity but may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, the nature of supply and the purpose for which the supply is required.

Commission’s view

The Commission noted the response of the petitioner which is self-explanatory. It is apt to mention here that HTP- IV tariff is a special category established to give night time benefit to the consumers to shift their demand to night hours to flatten the load curve. It is further to elaborate the option can be exercised to shift from regular tariff category to exclusive night time tariff or from exclusive night time tariff category to regular tariff four times in a calendar year by giving not less than 15 days’ advance notice in writing before commencement of billing period.

12. Introduction of EHV rebate

The objector sought to introduce rebate of Rs. 0.80 per unit of electricity consumed by EHV consumers receiving supply at voltage level of 66 kV and above.

Response of DISCOM

Petitioner submitted that as per Tariff Policy, tariff determination is based on overall Average Cost to Serve. Consumers are being connected at different voltage level according to their load requirement and as per relevant provisions of Electricity Supply Code. Therefore, consumer being supplied at certain voltage level by virtue of its load requirement consuming power supply at that voltage class can’t be considered to have made extra efforts in reducing the losses. Since, the EHV rebate is given historically to the consumers consuming power supply at Extra High Voltage level, at least there is no need to increase the rebate of consumption.

Commission's view

The Commission noted the response of the petitioner. Rated voltage of the supply system has already been specified in Section 3 of the GERC (Electricity Supply Code and Related Matters) Regulations, 2015. The Commission is in agreement with the response of the petitioner that merely using supply voltage as per the requirement of the consumers shall not entitle him to receive any rebate, as it does not make any efforts to reduce the losses. Further, considering contribution of EHT category consumers in maintaining the grid, Power factor rebate has already been introduced.

13. Applicability of GLP tariff to Testing and Research Centre

The objector sought for applicability of GLP tariff for Engineering Testing and Research Centre.

Response of DISCOM

Petitioner submitted that present GLP tariff category is applicable to the educational institutes and other institutions registered with the Charity Commissioner and research and development laboratories. GLP category is a subsidized tariff category. It seems that the Respondent's laboratory provides facilities for testing and calibration to the MSME units besides R&D activity. In case, the purpose of laboratory is exclusively for R&D activities, the unit is entitled for billing under GLP category. However, sheer objective of giving subsidized tariff would be killed if any associated activity other than R&D activities is included in this category.

Commission's view

The Commission is in agreement with the response of the petitioner. Further, activity other than R & D shall be change of purpose which will nullify the objective of establishment of GLP tariff category.

14. Non- submission of Cost to Supply Report

The objector stated that in the present petition there is no reference of the report of cost of supply and the said report is not being submitted with the petition.

Response of DISCOM

Petitioner submitted that Cost of Supply report is submitted to the Commission vide letter No: GUVNL/COM/CoS/2016-17/219 dated 15.02.2018.

Commission's view

The Commission has noted the response of the petitioner. However, the Commission is of the view that Cost of Supply report has to be submitted with the petition.

15. Replacement of Faulty Meters

The objector stated that still large number of faulty meters are pending for replacement.

Response of DISCOM

Petitioner submitted that Company endeavors to adopt upgraded technologies for metering and accordingly Company started procuring electronic meters and now only static/digital meters are procured and provided. Further automatic meter reading (AMR) system has also been provided on high valued consumer installations. Company plans to adopt RF and other advanced communication technologies for meter reading and billing.

Company has large base of old consumers. Company prioritizes the replacement of non-working, defective, inaccurate meters and very old meters. Company has meter replacement plans and accordingly meters are replaced every year.

Details of meters replaced during last three years are as under:

Sr. No.	Year	Meters Replaced (Old+ Non Working)
1	2014-15	256728
2	2015-16	282789
3	2016- 17	410232
4	2017-18 (Upto December 2017)	362653

Details of Non-Working Meters as on 31.03.2017 are given as under:

Sr. No.	Particulars	Nos. of Meters as on 31.03.2017	Non Working Meters as on 31.03.2017
1	Single Phase	3957503	38521
2	Three Phase	817235	27386

Commission's view

The Commission has noted the response of the petitioner. However, it is observed that large number of meters are still pending for replacement which is affecting revenue of the petitioner and also resulting into grievances of the consumers. The Commission, therefore, has directed the petitioner to expedite process of meter replacement and submit progress of the same at quarterly intervals.

16. Slow progress of Rooftop Solar Installation

The objector stated that progress made in installation of Solar Rooftop by the petitioner is very low and process of applying for Roof Top Solar takes ages.

Response of DISCOM

Petitioner submitted that it carries out installation process of Roof Top Solar in accordance with guidelines of the State Government.

Commission's view

The Commission noted the response of the petitioner and also noted the status report submitted upto September 2017 as part of the directive. The Commission is of the view that awareness should be created amongst consumers with benefits of availing such scheme.

17. Renegotiation of PPA

The objector stated that about directive of renegotiation of PPA, no comment has been furnished by the petitioner. Further, power purchase cost of the petitioners is higher and petitioners have made no effort in reducing the power purchase cost.

Response of DISCOM

Petitioner submitted that GUVNL has tied up power on long term basis considering the anticipated peak power demand. As the generation cost for operating gas based plants on SPOT gas is higher, the same is not getting priority as per merit order. However, during the instances like high wind variation, peak demand scenario, outage/ non-availability of cheaper generating units, the generation has to be availed from such gas based stations on SPOT gas for mitigating the power demand of DISCOMs without any load shedding. GUVNL has already re-negotiated the PPAs executed with CLP, GSEG-1 and GIPCL SLPP 1 & 2 in the past and saved fixed cost upon re-negotiation. However, for new generating stations like GPPC Pipavav, GSECL Dhuvaran Expansion and GSEG Hazira Expansion which are at present not having adequate domestic tie up of gas, GUVNL has negotiated the contract terms and is not paying the full capacity charges to the Generators as per PPA but only the bare minimum fixed cost. With an objective to reduce power purchase cost, measures of de-rating old small size units which have completed its useful life/ having high generation cost has been initiated. State has de-commissioned 375 MW capacity in last financial year. Further, more generating capacity would be de-commissioned in a phased manner in current years upon expiry of the contract/ useful life.

Commission's view

The Commission noted the response of the petitioner and appreciates the efforts made by GUVNL in re-negotiating PPAs and thus saving consumers from paying fixed costs.

18. Bad services of Energy Efficiency Appliances schemes

The objector stated that reduction in price of energy efficient appliances is not being passed to the consumers.

Response of DISCOM

Petitioner submitted that distribution of LED Bulbs, LED Tube lights and Energy Efficient Ceiling Fans is being carried out by M/s Energy Efficiency Services Limited which is a unit of the Central Government. Petitioner is merely acting as a facilitator.

Commission's view

The Commission has noted the response of the petitioner. The issue is not a subject matter of the tariff petition.

19. Awareness amongst consumers about Electricity Duty reduction

The objector stated that consumers are not being made aware by the petitioner about any electricity duty reduction and the effect of such electricity duty reduction is not being provided retrospectively.

Response of DISCOM

Petitioner submitted that such electricity duty reduction is decided by Government of Gujarat and effect of this electricity duty reduction is being passed on submission of appropriate documents.

Commission's view

The issue does not pertain to the petitioner and the objector can approach the appropriate authority i.e. Electricity Duty Collector.

20. Gujarati translation of form to appeal before the Appellate Authority

The objector stated that form to file an appeal before Appellate Authority is not being provided in Gujarati language.

Response of DISCOM

Issue does not pertain to current tariff petition.

Commission's view

The raised issue is not concerned with the present tariff petition. However, the Commission has notified the Regulations on procedure for filing an appeal before Appellate Authority in Gujarati language and form for filing an appeal before Appellate Authority in Gujarati language is available along with the said Regulations on the Commission's website.

21. Applicability of fees to electricity utility

The objector stated that fees for filing an appeal before Appellate Authority to be recovered from consumers is already determined and such fees should also be determined to be recovered from electrical utilities as both are parties before Appellate Authority.

Response of DISCOM

Issue does not pertain to the current tariff petition.

Commission's view

The raised issue is not subject matter of the present tariff petition.

4 Truing up of FY 2016-17

This Chapter deals with the truing up of FY 2016-17.

PGVCL, in its submission for True-up of FY 2016-17, has furnished details of the actual energy sales, expenditure and revenue for FY 2016-17, based on the audited annual accounts. The licensee has stated that the truing up for FY 2016-17 is based on the comparison of the actual performance for FY 2016-17 with the approved aggregate revenue requirement for FY 2016-17 in the MYT Order dated 31st March, 2017 to arrive at the Gains/(Losses), as per the GERC (MYT) Regulations.

The Commission has analysed the components of the actual energy sales, expenses, revenue and computed Gains/(Losses) in the process of truing up for FY 2016-17.

4.1 Energy sales

Petitioner's submission

The Petitioner has submitted the category-wise actual energy sales for FY 2016-17 as given in the Table below:

Table 4.1: Category-wise actual sales for FY 2016-17

(MUs)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
A	**LT Consumers**		
1	RGP	3742	3492
2	GLP	113	113
3	Non-RGP & LTMD	3149	3227
4	Public Water Works	676	698
5	Agriculture –Unmetered	4437	4486
6	Agriculture –Metered	2959	2410
7	Street Light	99	97
	LT Total (A)	**15174**	**14523**
B	**HT Consumers**		
8	Industrial HT	7221	8159
9	Railway Traction	0	0
	HT Total (B)	**7221**	**8159**
	Grand Total (A+B)	**22395**	**22682**

Commission's Analysis

The Commission, in the MYT Order, dated 31st March 2017 had approved the energy sales of 22395 MUs for FY 2016-17, against which PGVCL has submitted the actual sales of 22682 Mus

It can be seen from the above Table that except for RGP, Agriculture Metered and Street Light all the other categories showed higher sales as compared to the approved sales and the overall actual energy sales is higher by 287 MUs against the energy sales approved by the Commission for FY 2016-17 in the MYT Order. As energy sales depend upon factors, which are related to income level and overall growth of the economy, it remains largely uncontrollable in nature.

The Commission approves the energy sales of 22682 MUs as detailed in the Table below:

Table 4.2: Energy sales approved in truing up for FY 2016-17

(MUs)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17	Approved in truing up for 2016-17
A	**LT Consumers**			
	RGP	3742	3492	3492
	GLP	113	113	113
	Non-RGP & LTMD	3149	3227	3227
	Public Water Works	676	698	698
	Agriculture -Unmetered	4437	4486	4486
	Agriculture -Metered	2959	2410	2410
	Street Light	99	97	97
	LT Total (A)	**15174**	**14523**	**14523**
B	**HT Consumers**		0	0
	Industrial HT	7221	8159	8159
	Railway Traction	0	0	0
	HT Total (A)	**7221**	**8159**	**8159**
	Grand Total (A+B)	**22395**	**22682**	**22682**

4.2 Distribution losses

Petitioner's submission

The Petitioner has submitted that the actual distribution losses for FY 2016-17 are 20.86%, against the approved level of 22.00% in the MYT Order as given in the Table below:

Table 4.3: Distribution Losses

(%)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	Distribution Losses	22.00%	20.86%

The Petitioner submitted that as per the GERC (MYT) Regulations, 2016 the distribution losses need to be treated as controllable and any gain or loss has to be dealt with, accordingly, as per the provisions of MYT Regulations.

The petitioner vide letter dated 23.02.2018 has furnished the revised distribution losses of 20.89% in place of 20.86% and adjusted the transmission losses to the extent of difference in aforesaid losses of 20.89% and 20.86%.

It is further submitted by the Petitioner that it has achieved a significant reduction in distribution losses during recent years. In FY 2014-15, the losses were at 24.61% which were reduced to 20.89% in FY 2016-17.

Commission's Analysis

PGVCL has contended that the actual distribution losses are 20.86% for FY 2016-17 in the petition and then vide the subsequent submission filed on 23.02.2018 the Petitioner submitted that the actual distribution loss is 20.89% as against 22.00% approved in MYT Order dated 31st December, 2017.

The Commission appreciates the efforts of the Petitioner for lower distribution losses. The Commission considers distribution loss as controllable, as per the GERC (MYT) Regulations, 2016. Accordingly, the Commission considers the actual distribution losses of 20.89% which is lower than that approved in the MYT Order dated 31st March, 2017 for the truing up of FY 2016-17, as shown in the Table below :

Table 4.4: Distribution losses approved for truing up of 2016-17

(%)

Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	For FY 2016-17 (Considered in True-up)
Distribution Losses	22.00%	20.89%	22.00%

4.3 Energy requirement

Petitioner's submission

Based on the energy sales and the actual distribution losses for FY 2016-17, the Petitioner has submitted the energy requirement for FY 2016-17, as given in the Table below:

Table 4.5: Energy requirement and Energy balance as submitted by PGVCL for FY 2016-17

Sr. No.	Particulars	Unit	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	Energy Sales	MUs	22395	22682
2	Distribution Losses	MUs	6316	5988
		%	22.00%	20.89%
3	**Energy Requirement**	**MUs**	28711	28670
4	Transmission Losses	MUs	1150	1151
5	**Total Energy to be input to Transmission System**	**MUs**	29861	29822
6	Pooled Losses in PGCIL System	MUs	530	493
7	**Total Energy Requirement**	**MUs**	**30391**	**30315**

Commission's Analysis

PGVCL has computed the energy requirement based on the actual distribution losses of 20.89% and actual energy sales of 22682 MUs and transmission loss of 3.86%.

The Commission had approved the distribution losses of 22.00% and the transmission loss of 3.85%, as arrived by SLDC for FY 2016-17 in the MYT Order.

The Table below highlights the Commission's approval of the energy requirement in terms of MUs for truing up of FY 2016-17.

Table 4.6: Energy requirement approved by the Commission for truing up for FY 2016-17

Sr. No.	Particulars	Unit	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17	FY 2016-17 (considered for truing up for the purpose of energy requirement)
1	Energy Sales	MUs	22395	22682	22682
2	Distribution losses	MUs	6316	5988	5988
		%	22%	20.89%	20.89%
3	**Energy requirement**	**MUs**	**28711**	**28670**	**28670**
4	Transmission losses	MUs	1150	1151	1151
		%	3.85%	3.86%	3.86%
5	**Total Energy to be input to transmission system**	**MUs**	29861	29822	29822
6	Pooled losses in PGCIL	MUs	530	493	493
7	**Total Energy Requirement**	MUs	**30391**	**30315**	**30315**

4.4 Power Purchase cost

Petitioner's submission

The Petitioner has submitted that the company has been allocated share of generation capacities as per the scheme worked out by GUVNL.

PGVCL has submitted the actual power purchase cost incurred during FY 2016-17, as shown in the Table below:

Table 4.7: Power purchase cost claimed by PGVCL for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
Total Power Purchase Cost	10375.61	10966.17

Power Purchase Cost given above is the net power purchase cost after considering the net UI/ DSM Charges Payable/Receivable and the revenue from sale of power to GUVNL. PGVCL has submitted the break-up of actual power purchase cost during FY 2016-17, as shown in the Table below:

Table 4.8: Power purchase cost submitted by PGVCL for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
A	**Cost**		
1	Power Purchase from GUVNL		11006.18
2	Power Purchase from Wind Farms		39.26
3	Power purchase from Solar		10.23
4	UI/DSM Charges		19.93
B	**Income**		
1	Sale of Power to GUVNL and supply to bulk licensee		69.27
2	UI/DSM Charges		40.16
	Net Power Purchase Cost	**10375.61**	**10966.17**

PGVCL submitted that the total power purchase cost for FY 2016-17 consists of the basic power purchase cost, transmission charges payable to GETCO and PGCIL, SLDC charges and the Discom's share of GUVNL cost.

PGVCL further submitted that the variation in the power purchase cost approved by the Commission and the actual power purchase cost incurred is due to various reasons. These include change in the power purchase cost and change in quantum of power purchased.

The quantum of power purchase depends upon sales during the year, as well as the losses in the system. The actual distribution losses in PGVCL distribution network have been lower than the loss level approved in the MYT Order. Further, though the sales were higher, as compared to that approved by the Commission, the quantum of power purchased was lower than the approved quantum of power required due to reduction in losses.

The increase or reduction in quantum of power purchased and power purchase expense due to variation in distribution loss is a controllable factor, which would result in gains or losses under the GERC (MYT) Regulations, 2016 and is dealt with accordingly.

As per the GERC (MYT) Regulations, 2016 the Commission has categorised the variation in the price of fuel and/or price of power purchase according to the FPPPA formula approved by the Commission as an uncontrollable factor. Further, the Commission has also identified the variation in the number or mix of consumers or quantity of electricity sold to consumers as an uncontrollable factor. Thus the variation in the above factors affects the power purchase expenses and results into either a loss or gain. Accordingly, any gain or loss on this account is to be entirely passed on to the consumers as per the methodology approved by the Commission.

Commission's Analysis

The Commission has examined the actual quantum of power purchased and its cost during FY 2016-17, based on the actual energy sales and the distribution losses submitted by PGVCL. The sales and the quantum of power purchase and the power purchase cost are as per the audited annual accounts for FY 2016-17. The Commission observed that the Petitioner has included the SLDC Charges of Rs. 3.21 Crore in the A & G expenses, whereas as per the GERC (MYT) Regulations, 2016 it should form part of Power Purchase Cost and hence the same is reduced from A & G expenses and added in the Power Purchase Cost. It is further observed that an amount Rs. 13 Crore towards revenue from supply of power to bulk licensee has been deducted by Petitioner from its claim of power purchase expenses but the Commission has considered the revenue from supply of power to bulk licensee under revenue head in forgoing para of this Order on the lines of previous tariff Order. Thus, the Commission has not considered the deduction of Rs. 13 Crore from power purchase cost. The sales and the quantum of power purchase and the power purchase cost are as per the audited annual accounts for FY 2016-17. The power purchase cost, as per the audited annual accounts for FY 2016-17, is Rs. 10966.17 Crore and after addition of SLDC Charges of Rs 3.21 Crore and non consideration of deduction on account of revenue from supply of power to bulk licensee Rs. 13 Crore, the power purchase cost is worked out to Rs 10982.37 Crore.

Table 4.9: Power purchase cost as per the audited accounts for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Amount
1	Power Purchase from GUVNL	11006.17
2	Power Purchase from Wind Farms	39.26
3	Power purchase from Solar	10.23
4	UI/DSM Charges	19.93
5	SLDC charges	3.21
	Total Power Purchase	**11078.80**
6	Sale of power to GUVNL	56.27
7	Unscheduled Interchange	40.16
	Net Power Purchase Cost	**10982.37**

The Commission approves the power purchase cost of Rs. 10982.37 Crore for FY 2016-17 as per the audited annual accounts.

Table 4.10: Purchase cost approved by the Commission for truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17	Approved for truing up
Total Power Purchase Cost	10375.61	10966.17	10982.37

4.5 Gain / (loss) due to distribution losses

Licensee's Submission

PGVCL has submitted that there is gain of Rs. 148.32 Crore in the power purchase cost due to lower distribution loss as compared to approved distribution loss in the MYT Order. The gain is considered as controllable variation. The calculation of gain/ (losses) on account of lower distribution loss as submitted by PGVCL is shown in the Table below:

Table 4.11: Gains/ (Losses) on account of distribution losses for FY 2016-17 as submitted by PGVCL

Sr. No.	Particulars	Unit	FY 2016-17 (with Approved Distribution Losses)	FY 2016-17 (with Actual Distribution Losses)
1	Energy Sales	MUs	22682.15	22682.15
2	Distribution Losses	MUs	6398.00	5988.00
		%	22%	20.89%
3	Energy Requirement	MUs	29080.15	28670.15
4	Saving due to Distribution Losses	MUs		410.00
5	Average Cost of Power Purchase	Rs./kWh		3.62
6	**Gains/(Losses) Due to Distribution Losses**	**Rs. Crore**		148.32

Commission's Analysis

The Commission had approved loss at 22.00% for FY 2016-17 in the MYT Order, against which the actual distribution loss of PGVCL is 20.89%. The total gains / (losses) on account of lower distribution loss are computed in the Table below:

Table 4.12: Gains/(losses) on account of distribution losses for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Unit	FY 2016-17 (with Actual Distribution loss)	FY 2016-17 Approved for truing up
1	Energy Sales	MUs	22682.15	22682.15
2	Distribution Losses	MUs	5988.06	6397.53
		%	20.89%	22.00%
3	**Energy Requirement**	**MUs**	28670.21	29079.68
4	Saving due to Distribution Losses	MUs		409.47
5	Average Cost of Power Purchase	Rs./kWh		3.62
6	**Gains/(Losses) Due to Distribution Losses**	**Rs. Crore**		**148.34**

The total gain on account of lower distribution losses, as submitted by PGVCL, is Rs. 148.32 Crore and as computed by the Commission, it is Rs. 148.34 Crore.

While computing the Gains/(Losses) due to change in distribution losses, the Commission has considered the distribution losses at 20.89% of actual energy sales to arrive at change in energy requirement at the distribution periphery and did not consider the transmission losses to factor the efficiency of distribution activities only.

The Commission considered change in power purchase cost as uncontrollable and attributable to the variation in cost and quantum of power due to variations in sales and transmission losses, while variations in quantum of power due to distribution losses are considered as controllable. Accordingly, gains/losses computed on account of power purchase are shown in the Table below.

Table 4.13: Approved gain / (loss) – power purchase expenses for truing up for FY 2016-17

(Rs. Crore)

Particulars	FY 2016-17 (Approved in MYT Order)	FY 2016-17 (Approved in True-up)	Deviation +(-)	Gains/(losses) due to controllable factors	Gains/(losses) due to uncontrollable factors
Total Power Purchase Cost	10375.61	10982.37	(606.76)	148.34	(755.10)

4.6 Fixed charges

4.6.1 Operation and Maintenance (O&M) expenses for FY 2016-17

PGVCL has claimed O&M expenses of Rs 941.01 Crores, which is inclusive of employee cost of Rs. 839.39 Crores, repairs & maintenance expenses of Rs. 119.43 Crores and administration & general expenses of Rs. 135.59 Crore along with other debits of Rs. 8.19 Crore, DSM expenses of Rs. 17.12 Crore and other expenses capitalized of Rs. (178.71) Crore against the approved O&M expense of Rs 507.17 Crore as per the details given in the Table below:

Table 4.14: O&M expenses claimed in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	Employee Cost	637.21	839.39
2	Repairs & Maintenance Expenses	99.82	119.43
3	Administration & General Expenses	118.76	135.59
4	Other Debits	-	8.19
5	DSM	-	17.12
6	Other Expenses Capitalised	(348.63)	(178.71)
7	**Operation & Maintenance Expenses**	**507.17**	**941.01**

Petitioner's submission

PGVCL vide letter dated 23.02.2018 submitted that expenditure of Rs 23.28 Crore towards Re-measurement of Defined Benefit Plans after deducting the tax effect of Rs 12.32 Crore (Rs 35.59 – Rs 12.32 Crore Tax Effect) though being part of Employee Cost has inadvertently been reduced from Non-Tariff Income and requested to consider the same as employee cost. Accordingly, PGVCL has claimed revised O & M expenses of Rs 964.28 Crore.

PGVCL has compared the O&M expenses of Rs. 964.28 Crore actually incurred during FY 2016-17 with the expenses approved by the Commission in the MYT Order dated 31st March, 2017 and arrived at gain / (loss) as detailed in the Table below:

Table 4.15: O&M expenses and gains / losses claimed in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to controllable factor	Gain/(Loss) due to uncontrollable factor
1	Employee Expenses	637.21	862.67		(225.46)
2	Repairs & Maintenance Expenses	99.82	119.43	(19.61)	
3	Administration & General Expenses	118.76	135.59	(16.83)	
4	Other Debits	-	8.19		(8.19)
5	DSM	-	17.12		(17.12)
6	Other Expenses Capitalised	(348.63)	(178.71)		(169.92)
7	**Total O&M Expenses**	**507.17**	**964.28**	**(36.44)**	**(420.68)**

The component-wise O&M expenses are discussed in the following paragraphs.

4.6.2 Employee cost

PGVCL has claimed Rs. 862.67 Crore towards the employee cost in the truing up for FY 2016-17. The employee cost approved for FY 2016-17 in the MYT Order of 31st March, 2017 and claimed by PGVCL in the truing up given in the Table below:

Table 4.16: Employee cost claimed by PGVCL in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in Truing up for FY 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Employee Cost	637.21	862.67		(225.46)

Petitioner's submission

PGVCL submitted that the employee cost was incurred on the basis of the guidelines issued by the competent authorities like the State Government and that the entire expenditure estimated is a legitimate expenditure and any variation is purely beyond its control. Accordingly, PGVCL has estimated a loss of Rs. (225.46) Crore on account of uncontrollable factors.

Commission's Analysis

It is observed that the actual employee cost, as per the audited annual accounts for FY 2016-17, is Rs. 839.39 Crore before capitalization of Rs. 140.06 Crore. As stated in para 4.6.1 PGVCL had inadvertently reduced the Non-Tariff Income by Rs 23.28 Crore towards Re-measurement of Defined Benefit Plan after deducting the tax effect of Rs 12.32 Crore (Rs 35.59 – Rs 12.32 Crore Tax Effect) (a component of employee cost) as appearing in the Statement of P & L for the year ended 31st March, 2017. With regard to aforesaid claim of Petitioner, it is observed from the annual accounts of the Petitioner that tax impact of Rs 12.32 Crore is considered in Deferred Tax and since the Commission has dealt with the issue of tax in the subsequent para of this Order, the Commission has not considered Rs. (12.32) Crore. Accordingly, the Commission has not reduced the Re-measurement of Defined Benefit Plans of Rs. 35.59 Crore by the tax impact of Rs. (12.32) Crore.

Further, in response to the Commission's query, the Petitioner informed that employee expenses include a provision of Rs. 126.95 Crore towards 7th Pay Commission. As payment on this account is yet to be made, the Commission disallows this provision for employee expenses, to the extent of Rs. 126.95 Crore for the purpose of true up of FY 2016-17. However, as and when the actual payment is made, the Commission would consider such claims, which would be accounted for during the true up of the respective year as uncontrollable factor.

Therefore, the Commission considers **Rs. 748.03 Crore (Rs. 839.39 Crore – Rs.126.95 Crore + Rs. 35.59 Crores)** as employee expenses for the purpose of true up of FY 2016-17. The Commission considers the employee cost as a controllable expense, which is in line with the GERC (MYT) Regulations.

The Commission, accordingly, approves the employee cost at **Rs. 748.03** Crore in the truing up for FY 2016-17.

Table 4.17: Approved Employee cost in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Approved in Truing up for FY 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Employee Cost	637.21	748.03	(110.82)	

4.6.3 Repairs & Maintenance Expenses

PGVCL has claimed Rs. 119.43 Crore towards R&M expenses in the truing up for FY 2016-17. The R&M expenses approved for FY 2016-17 in the MYT Order dated 31st March, 2017 and claimed by PGVCL in the truing up are given in the Table below:

Table 4.18: R&M expenses claimed by PGVCL for the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Repairs & Maintenance Expenses	99.82	119.43	(19.61)	

Petitioner's submission

PGVCL has submitted that the assets of PGVCL are old and require regular maintenance to ensure uninterrupted operations. It has been further submitted that PGVCL has been trying its best to ensure uninterrupted operations of the system by undertaking R&M activities which are uncontrollable in nature. PGVCL has worked out a loss of Rs. 19.61 Crore due to controllable factors.

Commission's Analysis

The actual R&M expenses incurred during FY 2016-17 are Rs. 119.43 Crore, as per the audited annual accounts. The Commission has observed that R&M expenditure incurred by PGVCL is higher than the amount approved by the Commission in the MYT Order. The Commission noted that the amount Rs.119.43 Crore includes cost incurred for restoration of damage due to natural calamities like flood & cyclones. The R&M expense is a controllable item of expenditure under the GERC (MYT) Regulations, 2016.

The Commission, accepts the contention of PGVCL and accordingly approves the R&M expenses at Rs. 119.43 Crore in the truing up for FY 2016-17.

Table 4.19: Approved R&M expenses for the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Approved in Truing up for FY 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Repairs & Maintenance Expenses	99.82	119.43	(19.61)	

4.6.4 Administration & General (A&G) Expenses

PGVCL has claimed Rs. 135.59 Crore towards A&G expenses in the truing up for FY 2016-17. The A&G expenses approved for FY 2016-17 in the MYT Order dated 31st March, 2017 and claimed by PGVCL in the truing up are given in the Table below:

Table 4.20: A&G expenses claimed by PGVCL in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Administration & General Expenses	118.76	135.59	(16.83)	

Petitioner's submission

PGVCL has submitted that the A&G expenses are categorised as controllable expenses in the GERC (MYT) Regulations and the actual A&G expenses, when compared with the approved value, resulted in a loss of Rs. 16.83 Crore for FY 2016-17.

Commission's Analysis

It is observed that the A&G Expenses as per Audited Accounts are Rs. 241.79 Crore. The Petitioner has deducted the expenses towards CSR of Rs. 0.34 Crore and provision for bad debts of Rs. 80.54 Crore, DSM expenditure of Rs. 6.77 Crore, expenditure on energy conservation of Rs. 10.34 Crore (claimed as Ujala expense) and miscellaneous expenses in the name of other debits of Rs. 8.19 Crore. The Commission also observed that the A&G Expenses includes Rs. 3.21 towards SLDC charges which are required to be reduced from

A&G Expenses as these are included in the Power Purchase Cost. Therefore, for the purpose of true up of FY 2016-17, Rs. 132.38 Crore has been considered as actual A&G expense incurred by DGVCL. The Commission further observed that the A&G expenses of Rs. 132.38 Crore, is higher than Rs. 118.76 Crore approved in the MYT Order dated 31st March, 2017 for FY 2016-17. The parameters impacting A&G expenses are controllable in nature, as specified in the GERC (MYT) Regulations, 2016. The Commission, accordingly, considers Rs. 13.62 Crore as loss under A&G expenses, on account of controllable factors.

The Commission, accordingly, approves the A&G expenses at Rs. 132.38 Crore in the truing up for FY 2016-17.

Table 4.21: Approved A&G expenses in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	FY 2016-17 Approved in MYT Order	Approved in Truing up for FY 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Administration & General Expenses	118.76	132.38	(13.62)	

4.6.5 Other Debits

Petitioner's submission

PGVCL has claimed the actual other debits at Rs. 8.19 Crore in the truing up, as against Nil amount approved in the MYT Order dated 31st March, 2017 for FY 2016-17 as shown in the Table below.

Table 4.22: Other debits as claimed by PGVCL in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Other Debits	0.00	8.19		(8.19)

Commission's Analysis

The Commission observed that other debits of Rs. 8.19 Crore claimed by PGVCL is the ''Misc. losses & Write-offs'. In response to the Commission's query, the Petitioner furnished the break-up of Miscellaneous Losses & Write-off up as under:

Particular	Amount (Rs.)
Loss of Cash Written Off	-
Compensation for Injuries, Deaths-Staff	-
Comp for Injuries Death Damage-Outsiders	5.55
Loss on Obsolescence of Fixed Assets	-
Loss on Obsolescence of Stores	0.01
Loss on Sale of Scrap	2.61
Other Losses and Write-Off	0.02
Total	**8.19**

The Commission also observed that other debits approved in the MYT Order for FY 2016-17, is Nil, whereas the actual amount claimed by the Petitioner is Rs. 8.19 Crore which is appearing in the audited annual accounts. The Commission, accordingly, considers Rs. 8.19 Crore as loss on account of uncontrollable factors.

The Commission approves the other debits at Rs. 8.19 Crore in the truing up for FY 2016-17.

Table 4.23: Approved other debits in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Approved in Truing up for FY 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Other Debits	0.00	8.19		(8.19)

4.6.6 DSM Expenses/Ujala Expenses

PGVCL has claimed Rs. 17.12 Crore towards DSM Expenses/ Ujala Expenses in the truing up for FY 2016-17. The Commission did not approve any amount under the head of DSM Expenses/ Ujala Expenses in the MYT Order, dated 31st March, 2017.

Table 4.24: Net DSM Expenses/Ujala Expenses as claimed by PGVCL in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	DSM Expense/Energy Conservation	0.00	17.12		(17.12)

As part of DSM expenses, PGVCL has incurred Rs. 17.12 Crores for FY 2016-17. The Petitioner submitted that Commission has principally approved the DSM expenses over and above the ARR approved for FY 2016-17 vide Order No. 1665 of 2017 dated 12th October, 2017. These expenses are beyond the control of PGVCL and hence claimed as uncontrollable expenses.

Commission's Analysis

It is observed that the Petitioner has incurred DSM expenses of Rs. 6.77 Crore and energy conservation expenses of Rs. 10.34 Crore. The total amount of Rs 17.12 Crore have been claimed under DSM/Ujala expenses head. The Commission allows it as an uncontrollable item.

The Commission, accordingly, approves the DSM expenses/ Ujala Expenses of Rs. 17.12 Crore in the truing up for FY 2016-17.

Table 4.25: Approved DSM expenses/ Ujala Expenses for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Approved in Truing up for FY 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	DSM Expense/ Energy Conservation	0.00	17.12		(17.12)

4.6.7 Other Expenses Capitalised

PGVCL has claimed the actual expenses capitalised at Rs. 178.71 Crore in the truing up for FY 2016-17, against Rs. 348.63 Crore approved in the MYT Order, dated 31st March, 2017 as shown in the Table below:

Table 4.26: Other expenses capitalized as claimed by PGVCL in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Other expenses capitalized	(348.63)	(178.71)		(169.92)

Commission's Analysis

The Commission has observed that the other expenses capitalised represent the capitalisation of employee cost and A&G expenses, as per the audited annual accounts for FY 2016-17. **The Commission, accordingly, approves the other expenses capitalised at Rs. 178.71 Crore for FY 2016-17.**

Table 4.27: Other expenses capitalized approved for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Approved in Truing up for FY 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Other expenses capitalized	(348.63)	(178.71)		(169.92)

The total O&M expenses approved in the truing up for FY 2016-17 and the gains / (losses) considered due to controllable and uncontrollable factors are detailed in the Table below:

Table 4.28: Approved O&M expenses and gains / (loss) in the truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Approved in Truing up for FY 2016-17	Deviation +(-)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Employee cost	637.21	748.03	(110.82)	(110.82)	
Repairs & Maintenance Expenses	99.82	119.43	(19.61)	(19.61)	
Administration & General Expenses Charges	118.76	132.38	(13.62)	(13.62)	
Other debits	-	8.19	(8.19)		(8.19)
DSM	-	17.12	(17.12)		(17.12)
Other expenses capitalized	(348.63)	(178.71)	(169.92)		(169.92)

Particulars	Approved for FY 2016-17 in MYT Order	Approved in Truing up for FY 2016-17	Deviation +(-)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Total O&M expenditure	**507.17**	**846.44**	**(339.27)**	**(144.05)**	**(195.23)**

4.6.8 Capital expenditure, Capitalisation and funding of CAPEX

PGVCL has claimed capital expenditure of Rs. 1388.88 Crore in the truing up for FY 2016-17, as against Rs. 1794.41 Crore approved in the MYT Order dated 31st March, 2017 as given in the Table below:

Table 4.29: Capital expenditure claimed by PGVCL for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17	Deviation
A	Distribution Schemes			
	Normal Development Scheme	320.00	290.11	29.89
	System Improvement Scheme	100.00	131.78	-31.78
	Electrification of Hutments	7.00	16.30	-9.30
	Scheme for meters	80.00	33.67	46.33
	Other Harijan Basti – Petapara			0.00
	Total	**507.00**	**471.86**	**35.14**
B	Rural Electrification Schemes			0.00
	Special Component plan	1.50	2.36	-0.86
	RE Normal + Tatkal	650.00	587.49	62.51
	Total	**651.50**	**589.85**	**61.65**
C	Non Plan Schemes			0.00
	RAPDRP	25.00	17.09	7.91
	SCADA/DMS		0.00	0.00
	Total	**25.00**	**17.09**	**7.91**
D	Other New Schemes			0.00
	Civil Work	15.00		15.00
	Feeding to Distribution Transformer0	0.00		0.00
	Aerial Bunch Conductors	1.00	96.24	-95.24
	HVDS	100.00		100.00
	Under Ground System at Pilgrim Places like Dwarka, Somnath, Bhavnath (Junagadh) etc. and important GIDC area	17.00	4.05	12.95
	JGY Load Shedding Transformers		0.00	0.00
	Smart village		0.05	-0.05
	Solar AG Pumps	102.00	109.60	-7.60

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17	Deviation
	DISS	20.00	22.61	-2.61
	Coastal area scheme	30.00	46.58	-16.58
	IPDS	183.87	22.33	161.54
	DDUGJY	142.04	8.64	133.40
	Total	**610.90**	**310.08**	**300.82**
E	**Capital Expenditure Total**	**1794.41**	**1388.88**	**405.53**

Petitioner's submission

PGVCL has submitted that the actual capital expenditure incurred during FY 2016-17 was Rs. 1388.88 Crore, which is lower than Rs 1794.41 Crore approved in the MYT Order dated 31st March, 2017.

PGVCL has explained the scheme wise deviation in the capital expenditure as under :-

Normal Development:

Under the head Normal Development Scheme, generally expenses are incurred to meet with the Supply Obligation which is mainly based on the numbers of applications received. Therefore, during the FY 2016-17, company had to incur Rs. 290.11 Crore against approved Rs. 320 Crores.

System Improvement:

Under the head System Improvement, PGVCL carries out renovation/replacement of old Distribution line, bifurcation of feeder, installation/augmentation of Distribution Transformer etc. System Improvement is carried out on requirement basis with the objective to improve reliability of power supply and also to reduce distribution loss. Company incurred Rs. 131.78 Crores against approved Rs. 100.00 Crores.
Electrification of Hutments: In Electrification of Hutments Scheme Company incurred Rs. 16.30 Crores against approved Rs.7.00 Crores.

Rural Electrification Scheme:

Under the head RE Schemes, Company releases Agriculture Category connections. Following the directive of the Commission, Company has maximized targets for releasing the

Connections of Agriculture category. Accordingly, during FY 2016-17 Company released more than 55000 Agriculture connections during the year at the cost of Rs. 587.49 Crores against approved Rs. 650 Crores.

Following the policy framed by State Government, Company has started releasing connection in the Dark Zone area too from the year 2013-14.

R- APDRP:

R-APDRP (Restructured Accelerated Power Development & Reforms Programme) is the Central Sector Scheme. Government of India has appointed Power Finance Corporation (PFC) as the Nodal Agency.

The basic purpose of the scheme is to reduce AT&C Losses in the urban areas. Accordingly, all the towns having population more than 30,000 have been covered under this scheme. PGVCL has 36 such towns, covering 84 sub divisions. Scheme will be implemented in two parts: Part-A (IT Infrastructure establishment) and Part-B (Distribution strengthening and modernization). Moreover, three towns having population more than 4 lakhs and energy input more than 350 MUs /year have been identified for installing SCADA/DMS system, which are Rajkot, Bhavnagar and Jamnagar.

Part-A includes:

Establishment of baseline data and adoption of IT applications for meter reading, billing & collection; energy accounting & auditing; MIS; redressal of consumer grievances; establishment of IT enabled consumer service centers etc.

Part-B includes:

Renovation, modernization and strengthening of 11 kV level Substations, Transformers/Transformer Centers, Re-conductoring of lines at 11 kV level and below, Load Bifurcation, feeder separation, Load Balancing, HVDS (11 kV), Aerial Bunched Conductoring in dense areas, replacement of electromagnetic energy meters with electronics meters, Installation of capacitor banks and mobile service centers etc.

Scheme is to be implemented as per the guidelines issued by PFC from time to time. Company has spent Rs. 17.09 Crores during the FY 2016 -17 under this scheme.

SCADA/DMS:

The objective of reducing Aggregate Technical and Commercial (AT&C) losses in the project areas can be achieved by plugging pilferage points, supply of quality power, faster identification of faults & early restoration of power, proper metering, strategic placement of capacitor banks & switches and proper planning & designing of distribution networks. The real time monitoring & control of the distribution system through state-of-the art SCADA/DMS system encompassing all distribution substations & 11 KV network would help in achieving this objective of R-APDRP. For deriving maximum benefits it is essential that necessary upgradation of distribution S/S & 11kV network shall be carried out to meet the SCADA/DMS requirements. SCADA is to be implemented through SCADA Implementation Agency (SIA).

High Voltage Distribution System (HVDS): Company is having large nos. of Low Tension category consumers. To eliminate low voltage distribution and to have better voltage profile as well as for reduction in Technical loss and associated commercial loss company has proposed to shift over to High Voltage Distribution System by erecting small capacity Transformer matching with the connected load of individual consumer or very small group of consumers in phased manner. During the year company has incurred Rs. 96.24 Crore as against approved Rs. 100 Crores.

Coastal Area Scheme: PGVCL covers largest costal area of the state. Majority of the Distribution network of the Company is “Overhead” type. “Overhead” network is highly susceptible to environmental changes in general and particularly in coastal area. To provide better quality power supply in the coastal belt, Company undertakes various activities like renovation of Distribution network, Distribution Transformer review, providing Aerial Bunch Conductor, conversion of LT Distribution network into High Voltage Distribution System etc. Scope of work is planned depending on time to time requirement and exigency of work. Accordingly, Company has spent Rs. 46.58 Crores during FY 2016-17 against approved Rs. 30 Crores.

Underground Network: For Supplying reliable Power Supply to the Pilgrim Places, PGVCL has initiated to convert the existing Overhead Distribution System to Underground. During the year, Company has incurred Rs. 4.05 Crores as against approved Rs. 17.00 Crores.

Distribution Infrastructure & Shifting Scheme: Under this scheme, Distribution infrastructure upgradation & Shifting work of HT/L lines, Transformer Centers, Poles etc. and converting overhead lines into underground lines in the areas falling under Municipalities and urban development Authorities. It is being carried out to remove obstructions in road widening and road development. This scheme is being funded by the State government through equity infusion. During the year, Company has incurred Rs. 22.61 Crores as against approved Rs. 20.00 Crores.

Integrated Power Development Scheme (IPDS): This Scheme is applicable in the town/ urban areas having population 5000 and more as per Census 2011. Scheme involves strengthening of Sub-transmission and Distribution network in urban areas including provisioning of solar panels on Govt. buildings including Net-metering, Metering of feeders / distribution transformers / consumers in urban areas and, IT enablement of distribution sector and strengthening of distribution network, etc. During the year, Company has incurred Rs. 22.33 Crores as against approved Rs. 183.87 Crores.

Deen Dayal Upadhyah Gram Jyoti Yojna (DDUGJY): This Scheme is applicable in the rural areas of the Company. Scheme involves strengthening and augmentation of sub-transmission & distribution to ensure reliable and quality power supply in rural areas, Conversion of existing LV network to HV network, improving consumer level metering system, installation of meter at distribution transformers for proper energy accounting, identifying high loss pockets etc. During the year, Company has incurred Rs. 8.64 Crores as against approved Rs. 142.04 Crores

Solar Agriculture Pump: Agriculture contributes significant share in the consumption of the Company and company has pending large nos. of applications for Agriculture connection. In Order to inculcate the sense of use of green, clean power among the agricultural consumers, Company, in corroboration with the State Government, has initiated providing off grid Solar Pump to Agriculture consumers whose application is registered and pending with the Company. During the year, Company has incurred Rs. 109.60 Crores as against approved Rs. 102.00 Crores.

Commission's Analysis

The Commission observed that PGVCL has incurred Rs. 290.11 Crore as against the approved amount of Rs. 320 Crore under 'normal development scheme'. PGVCL submitted that such expenses are incurred to meet with the Supply Obligation which is mainly based on the number of applications received. As, such expenditure is dependent upon the number of new connections, as submitted by PGVCL, variation in such expenses is expected to a certain extent.

The Commission also observed that PGVCL has incurred Rs. 131.78 Crore against the approved amount of Rs. 100.00 Crore in the MYT Order for FY 2016-17 towards 'system improvement'. PGVCL submitted that system improvement is carried out on requirement basis with the objective to improve reliability of power supply and also to reduce distribution loss. The Commission noted that the actual distribution loss level has been lower than the approved MYT figures for FY 2016-17. However, capital expenditure is continuous and ongoing in nature; therefore, any positive impact of such investment might be contingent upon the implementation of the overall scheme. Nevertheless, PGVCL should streamline such investment plans for ensuing years.

Further, it has also been submitted by PGVCL that it has to take up 'RAPDRP' as per the guidelines issued by the PFC/ GOI from time to time. The company has spent Rs. 17.09 Crore during FY 2016-17, as RAPDRP Projects have to be completed up to March 2017 as per guidelines given by the Central Government. As such projects are to be implemented as per the guidelines of the central government, the deviations on account of such centrally funded schemes are difficult to ascertain.

Under RE scheme, PGVCL has released more than 55000 Agriculture connections during FY 2016-17 at the cost of Rs. 587.49 Crore against approved Rs. 650 Crore.

The Commission observed that most of the capital investment schemes by the Discoms are of continuous and ongoing nature. These are based on yearly targets set for meeting the supply obligation, providing quality and reliable power to consumers, reduction in losses, release of agriculture connections, etc. Generally, there are no pre-defined timelines as the schemes are further bifurcated into various works under the scheme. Nevertheless, the licensee shall be more realistic in projecting the capital expenditure.

4.6.8.1 Funding of CAPEX

The funding of actual capitalisation is done through various sources categorised under four headings namely: Consumer Contribution, Grants, Equity and Debt. The detailed break up of funding of capitalised asset during FY 2016-17 is mentioned in the Table below.

Table 4.30: Capitalisation and sources of funding claimed by PGVCL for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	Capitalization	1,794.41	1,380.08
2	Less: Consumer Contribution	178.29	163.80
3	Less: Grants	249.04	362.11
4	Balance CAPEX	1,367.08	854.17
5	Debt @ 70%	956.95	597.92
6	Equity @ 30%	410.12	256.25

Commission's Analysis

The actual capital expenditure as per audited accounts is Rs. 1388.88 Crore, which is lower by Rs. 405.53 Crore against what is approved in the MYT Order dated 31st March, 2017. The actual capitalization during FY 2016-17 of Rs. 1380.08 Crore is as per the audited annual accounts.

The Commission, accordingly, approves the capital expenditure at Rs. 1388.88 Crore and the capitalisation at Rs. 1380.08 Crore in the truing up for FY 2016-17.

The Commission noted that under government grants and consumer contribution PGVCL has considered Rs 362.11 Crore and Rs 163.80 Crore respectively which are in conformity with the annual accounts for FY 2016-17.

The CAPEX, capitalisation and funding claimed by PGVCL and approved by the Commission are given in the Table below:

Table 4.31: Approved Capitalisation and sources of funding in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17	FY 2016-17 Approved for true up
1	Capex	1794.41	1,388.88	1,388.88
2	Capitalization	1794.41	1380.08	1380.08
3	Less: Consumer Contribution	178.29	163.80	163.80
4	Less: Grants	249.04	362.11	362.11
5	Balance CAPEX	1367.08	854.17	854.17
6	Debt @ 70%	956.95	597.92	597.92
7	Equity @ 30%	410.12	256.25	256.25

4.6.9 Depreciation

PGVCL has claimed Rs. 654.35 Crore towards depreciation in the truing up for FY 2016-17 against the depreciation of Rs 669.94 Crore approved in the MYT Order dated 31st March, 2017.

Petitioner's submission

PGVCL submitted that the financial statements have been prepared in accordance with Indian AS prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (as amended). Property, Plant and Equipment comprising of tangible assets are stated after reducing the accumulated depreciation until the date of the Balance Sheet. PGVCL has considered opening gross fixed assets same as closing gross fixed assets for FY 2015-16 as approved by the Commission at the time of Truing up of FY 2015-16 under Tariff Order dated 31st March, 2017.

PGVCL has charged depreciation on fixed assets of the Company, on the useful life of the assets at rates prescribed in the GERC (MYT) Regulations, 2016 for FY 2016-17.

The actual and approved depreciation for FY 2016-17 is shown in the Table below: -

Table 4.32: Fixed assets & depreciation computed by PGVCL for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	Gross Block at Beginning of the year	11815.14	11815.14
2	Additions during the Year (Net)	1794.40	1380.08
3	Depreciation for the year	669.94	654.35
4	Average Rate of Depreciation	5.27%	5.23%

PGVCL has further submitted that the actual depreciation for FY 2016-17, as against the value approved by the Commission in the MYT Order dated 31st March, 2017, resulted in uncontrollable gain of Rs. 15.59 Crore as given in the Table below:

Table 4.33: Gain / loss due to depreciation claimed in the truing up for FY 2016-17

(Rs Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor

Depreciation	669.94	654.35		15.59

Commission's Analysis

It is observed that Opening GFA as per audited accounts have been readjusted as per Indian AS. However, the Commission has considered the opening balance of GFA as per last true up for FY 2015-16, and accordingly the Closing balance of GFA, i.e. 31.03.2016 has been considered as the Opening balance of GFA as on 1.04.2016.

The net addition during the year of Rs. 1380.08 Crore is verified with the audited annual accounts for FY 2016-17. The depreciation as per P&L Account for FY 2016-17 is Rs. 654.35 Crore. The Commission has considered depreciation of Rs. 654.35 Crore as claimed by PGVCL as prescribed under the GERC (MYT) Regulations, 2016.

The Commission, accordingly, approves the depreciation at Rs. 654.35 Crore in the truing up for FY 2016-17

Table 4.34: Approved fixed assets & depreciation for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Approved in truing up for 2016-17
1	Gross Block at Beginning of the year	11815.14	11815.14
2	Additions during the Year (Net)	1794.40	1380.08
3	Gross Block at the end of the year	13609.54	13195.22
4	Depreciation for the year	669.94	654.35
5	Average Rate of Depreciation	5.27%	5.23%

The amount of depreciation is dependent on the quantum of capitalisation, rate of depreciation, etc. The Commission has, therefore, considered the parameters impacting depreciation as uncontrollable. The Commission, accordingly, approves the gains / losses on account of depreciation in the truing up for FY 2016-17, as detailed in the Table below:

Table 4.35: Gain / loss due to depreciation approved in the truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Approved in truing up for 2016-17	Gain / loss due to controllable factor	Gain / (loss) due to uncontrollable factor
Depreciation	669.94	654.35		15.59

4.6.10 Interest and Finance Charges

PGVCL has claimed Rs. 349.10 Crore towards interest and finance charges in the truing up for FY 2016-17, against Rs. 343.28 Crore approved in the MYT Order dated 31st March, 2017 as shown in the Table below.

Table 4.36: Interest and Finance charges claimed by PGVCL in the truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
Interest and Finance charges	343.28	349.10

Petitioners' submission

PGVCL has submitted that the closing loans balance of FY 2015-16 as approved in the true up order dated 31st March, 2017 has been considered as the opening loan balance for FY 2016-17. Therefore, the opening loan amount considered by PGVCL is Rs. 2542.19 Crore for FY 2016-17 true up. The loan addition is computed at Rs. 597.92 Crore towards funding of CAPEX for FY 2016-17. PGVCL has considered the weighted average rate of interest of 9.80%, as against 8.09% approved in the MYT Order dated 31st March, 2017 for FY 2016-17. In addition to the above, PGVCL has considered the guarantee charges payable on legacy loan allocated from the erstwhile GEB and interest on security deposits. The details of interest and finance charges claimed by PGVCL are given in the Table below:

Table 4.37: Interest and Finance charges claimed by PGVCL in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	Opening Loans	2542.19	2542.19
2	Loan Additions during the year	956.95	597.92
3	Repayment during the year	669.94	654.35
4	Closing Loans	2829.20	2485.76
5	Average Loans	2685.70	2513.97
6	Interest on Loan	217.27	246.44
7	Interest on Security Deposit	118.86	102.32
8	Guarantee Charges	7.14	0.34
9	**Total Interest & Finance Charges**	**343.28**	**349.10**
10	Weighted Average Rate of Interest	**8.09%**	**9.80%**

PGVCL has further submitted that interest and finance charges are categorised as uncontrollable as per the GERC (MYT) Regulations, 2016 and accordingly worked out the deviation in the actual vis-à-vis the approved expenses under uncontrollable factors, as given in the Table below:

Table 4.38: Gains / (Loss) claimed due to Interest & Finance Charges for FY 2016-17

(Rs. Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Interest and Finance Charges	343.28	349.10		(5.82)

Commission's Analysis

The Commission observed that the closing balance of loan approved in the true up for FY 2015-16 is Rs. 2542.19 Crore and the same has to be taken as the opening loan balance of FY 2016-17 and accordingly the same has been considered as the opening loan for the purpose of true up of FY 2016-17.

The capitalisation and funding of CAPEX have been approved for FY 2016-17 as per Table 4.31 above, based on the audited accounts. The normative addition of loans during FY 2016-17 has been considered at Rs. 597.92 Crore as approved as per Table 4.31 based on the actual capitalisation as per the audited annual accounts. The interest on security deposits claimed at Rs. 102.32 Crore is as per the audited accounts for FY 2016-17.

The repayment of loan is Rs. 654.35 Crore, which is equivalent to the depreciation, approved as per Table 4.34 of this Order. The guarantee charges and other finance charges, as per audited accounts for FY 2016-17, are Rs. 0.34 Crore.

In response to the Commission's query, PGVCL has submitted details of the actual loan portfolio and the rate of interest applicable for each loan portfolio for FY 2016-17. Based on this information, the Commission has considered the weighted average rate of interest as 9.26%, which is in accordance with the Regulation 38 of the GERC (MYT) Regulations, 2016. Taking all these factors into consideration, the interest and finance charges have been computed as detailed in the Table below:

Table 4.39: Interest and Finance charges approved by the Commission in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Approved in truing up for 2016-17
1	Opening Loans	2542.19	2542.19
2	Loan Additions during the year	956.95	597.92
3	Repayment during the year	669.94	654.35
4	Closing Loans	2829.20	2485.76
5	**Average Loans**	2685.70	2513.97
6	**Interest on Loan**	217.27	232.79
7	Interest on Security Deposit	118.86	102.32
8	Guarantee Charges	7.14	0.34
9	**Total Interest & Finance Charges**	**343.28**	**335.45**
10	Weighted Average Rate of Interest	8.09%	9.26%

The Commission, accordingly, approves the interest and finance charges at Rs. 335.45 Crore in the truing up for FY 2016-17

As per the GERC (MYT) Regulations, 2016, the Commission is of the view that the parameters which impact interest and finance charges should be treated as uncontrollable. The Commission, accordingly, approves the gains / losses on account of interest and finance charges in the truing up for FY 2016-17, as detailed in the Table below:

Table 4.40: Gain / loss approved in the truing up for FY 2016-17

(Rs Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Approved in truing up for 2016-17	Deviation	Gain / (loss) due to Uncontrollable factor
Interest and Finance Charges	343.28	335.45	7.83	7.83

4.6.11 Interest on Working Capital

PGVCL has not claimed any interest on working capital in the truing up for FY 2016-17, against Nil provision approved in the MYT Order dated 31st March, 2017 as detailed in the Table below:

Table 4.41: Interest on working capital claimed by PGVCL in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	O&M Expenses	42.26	78.42
2	Maintenance Spares	118.15	118.15
3	Receivables	1029.77	1053.81
4	Less: Amount held as security deposit from consumers	1533.66	1551.86
5	Total Working Capital	(343.48)	(301.48)
6	Rate of Interest on Working Capital	-	11.79%
7	Interest on Working Capital	-	-

Petitioner’s submission

PGVCL has submitted that the interest on working capital has been calculated based on the GERC (MYT) Regulations, 2016. The detailed computation of working capital requirement and interest on working capital based on subsequent submission as mentioned in Para 4.6.1 of this Order is given in the Table below:

Table 4.42: Revised Interest on working capital claimed by PGVCL in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	O&M expenses	42.26	80.36
2	Maintenance Spares	118.15	118.15
3	Receivables	1029.77	1053.81
4	Less: Amount held as security deposit from consumers	1533.66	1551.86
5	**Total Working Capital**	**(343.48)**	**(299.54)**
6	Rate of Interest on Working Capital	-	11.79%
7	Interest on Working Capital	-	-

Commission’s Analysis

The Commission has examined the computation of normative working capital and interest thereon under the GERC (MYT) Regulations, 2016. The working capital requirement works out to be negative during FY 2016-17.

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

Table 4.43: Interest on working capital approved in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Approved in truing up for 2016-17
1	O&M expenses for 1 month	42.26	70.54
2	Maintenance Spares 1% of GFA	118.15	118.15
3	Receivables one month sales	1,029.77	1,054.89
4	Less: Amount held as security deposit from consumers	1,533.66	1,551.86
5	**Total Working Capital**	**(343.48)**	**(308.28)**
6	Rate of Interest on Working Capital	11.70%	-
7	Interest on Working Capital	-	-

The Commission, accordingly, approves the interest on working capital as Nil in the truing up for FY 2016-17.

4.6.12 Bad Debts

PGVCL has claimed Rs. 4.02 Crore towards bad debts in the truing up for FY 2016-17, as against Rs. Nil approved in the MYT Order dated 31st March, 2017 as given in the Table below:

Table 4.44: Bad debts claimed by PGVCL in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for 2016-17 in MYT Order	Claimed in truing up for 2016-17
1.	Bad Debts	0.00	4.02

Petitioner's submission

PGVCL has claimed Rs. 4.02 Crore towards bad and doubtful debts and submitted that comparison of the actual with the figure approved in the MYT Order resulted in a loss of Rs. 4.02 Crore on account of controllable factors, as shown in the Table below:

Table 4.45: Bad Debts for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Bad Debts	0.00	4.02	(4.02)	

Commission's Analysis

The Commission has observed that PGVCL has claimed Rs. 4.02 Crore towards Bad & Doubtful Debts Written Off during FY 2016-17.

The Commission verified from the audited annual accounts that PGVCL has made a provision of Rs 80.54 Crore towards bad debts. Regulation 94.9 specifies that the Commission may allow bad debts written off as a pass through in the aggregate revenue requirement subject to prudence check**.** The Annual accounts show amount of Bad Debts Written off as of Rs. 4.02 Crore, which includes Rs 1.34 Crore towards waiver of delayed payment surcharge. Since as per the GERC (MYT) Regulations, 2016 Delayed payment surcharge income is not allowed, similarly waiver of delayed payment surcharge expenditure is also not to be considered. Therefore, the Commission considers Rs. 2.68 Crore (Rs. 4.02 Crore – Rs. 1.34 Crore) as Bad Debts written off. The Commission notes that the actual amount written-off has been lower than the amount of provision made for bad debts.

The Commission, therefore, approves Rs. 2.68 Crore towards bad and doubtful debts written off in the truing up for FY 2016-17.

The deviation on account of bad debts written off is Rs. 2.68 Crore and the Commission considers the same as loss due to controllable factors, as detailed in the Table below:

Table 4.46: Gains/ (Losses) due to Bad Debts approved in the Truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Approved in truing up for 2016-17	Gain/(Loss) due to Controllable Factor
1	Bad Debts	0.00	2.68	(2.68)

4.6.13 Return on Equity

PGVCL has claimed Rs. 388.98 Crore towards return on equity in the truing up for FY 2016-17, as against Rs. 424.96 Crore approved in the MYT Order dated 31st March, 2017, as given in the Table below:

Table 4.47: Return on equity claimed by PGVCL in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	Opening Equity	2830.34	2650.30

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17
2	Equity Additions during the year	410.12	256.25
3	Closing Equity	3240.46	2906.55
4	Average Equity	3035.40	2778.43
5	Rate of Return on the Equity	14%	14%
6	Return on Equity	424.96	388.98

Petitioner's submission

PGVCL vide its subsequent submission dated 23.02.2018 claimed Rs 414.19 Crore as return on equity on the ground that the Opening Equity was inadvertently considered as Rs 2,650.30 Crore instead of Rs 2830.34 Crore approved as Closing Equity in the true up order dated 31st March, 2017. PGVCL requested the Commission to consider the same accordingly

PGVCL has computed the return on equity considering the rate of 14% on the average of opening and closing equity, taking into account the additions during the year.

The details of computation of return on equity are given in the Table below:

Table 4.48: Return on equity claimed by PGVCL in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17
1	Opening Equity	2830.34	2830.34
2	Equity Additions during the year	410.12	256.25
3	Closing Equity	3240.46	3086.59
4	Average Equity	3035.40	2958.47
5	Rate of Return on the Equity	14%	14%
6	Return on Equity	424.96	414.19

Commission's Analysis

PGVCL has claimed the opening equity of Rs. 2650.30 Crore for FY 2016-17 and it has submitted equity addition as Rs. 256.25 Crore during the FY 2016-17. The actual opening equity, as on 1st April, 2016, was Rs.2830.34 Crore, being the closing balance of equity approved in the True-up for FY 2015-16. The Commission has accepted the contention of PGVCL about erroneous consideration of the Opening Equity and the normative equity addition of Rs 256.25 Crore is considered as per Table 4.31 of this Order.

The Commission has computed the return on equity in the truing up for FY 2016-17, as detailed in the Table below:

Table 4.49: Return on equity approved for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	Approved for FY 2016-17 in MYT Order	Approved in truing up for 2016-17
1	Opening Equity	2830.34	2830.34
2	Equity Additions during the year	410.12	256.25
3	Closing Equity	3240.46	3086.59
4	Average Equity	3035.40	2958.47
5	Rate of Return on the Equity	14%	14%
6	**Return on Equity**	**424.96**	**414.19**

The Commission approves the return on equity at Rs. 414.19 Crore in the truing up for FY 2016-17.

It is considered that the deviation is due to uncontrollable factors as the return on equity is being allowed on a normative basis and the quantum of equity addition in the year depends upon the capital expenditure and the capitalization achieved during the year.

As the factors impacting the Return on Equity are considered uncontrollable, the Commission, accordingly, approves the gains and losses, on account of Return on Equity, in the Truing up for FY 2016-17 as uncontrollable.

The Commission, accordingly, approves the gains / losses on account of return on equity in the truing up for FY 2016-17, as detailed in the Table below:

Table 4.50: Approved gains / losses due to return on equity in the truing up for FY 2016-17

(Rs Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Approved in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Return on Equity	424.96	414.19		10.77

4.6.14 Income Tax

PGVCL has claimed Rs. 80.93 Crore towards income tax in the truing up for FY 2016-17, as against Rs. 18.96 Crore approved in MYT Order dated 31stMarch, 2017, given in the Table below:

Table 4.51: Taxes claimed by PGVCL in the truing up for FY 2016-17

(Rs. Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17
Income Tax	18.96	80.93

Petitioner's submission

PGVCL has submitted that income tax is a statutory expense and this should be allowed without any deduction. PGVCL has claimed a loss of Rs. 61.97 Crore on account of tax, as given in the Table below:

Table 4.52: Gains / (Loss) claimed due to Income tax paid for FY 2016-17

(Rs Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Income Tax	18.96	80.93		(61.97)

Commission's Analysis

The Commission has obtained the copies of the challans of Tax payer's counterfoil and also verified from the annual accounts of the company and found that the licensee has paid/provided the current tax of Rs 34.38 Crore and Rs. 3.16 Crore towards earlier years' tax.

The Commission, accordingly, approves the Income Tax of Rs. 37.54 Crore in the truing up for FY 2016-17.

With regard to the computation of Gains/(Losses), Regulation 22 of the GERC (MYT) Regulations, 2016 considers variation in taxes on income as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of tax on income in the truing up for FY 2016-17, as detailed in the Table below:

Table 4.53: Approved gains / losses due to tax in the truing up for FY 2016-17

(Rs Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Approved in truing up for 2016-17	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Income Tax	18.96	37.54		(18.58)

4.6.15 Non-tariff Income

PGVCL has claimed the actual Non-Tariff income at Rs. 241.19 Crore in the truing up for FY 2016-17, as against Rs.234.07 Crore approved in the MYT Order dated 31st March, 2017, as detailed in the Table below:

Table 4.54: Non-tariff income claimed by PGVCL in the truing up for FY 2016-17

(Rs Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for FY 2016-17
Non- tariff Income	234.07	241.19

Petitioner's submission

The Petitioner has submitted that the actual non-tariff income is Rs. 241.19 Crore, as against Rs. 234.07 Crore approved in the MYT Order for 2016-17.

The Petitioner vide its further submission dated 23.02.2018 claimed Rs 264.47 Crore towards Non-Tariff Income after adjusting (Rs 35.59 Crore – Rs 12.32 Crore) Rs 23.28 towards Re-measurement of Defined Benefits Plans being the part of employee cost as stated in Para 4.6.1 of this Order. This has resulted into uncontrollable gain of Rs 30.40 Crore as shown in the Table below:

Table 4.55: Gains / (Loss) claimed due to non-tariff income for FY 2016-17

(Rs. Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Claimed in truing up for 2016-17	Gain/(Loss) due to uncontrollable Factor	Gain/(Loss) due to Uncontrollable Factor
Non- tariff Income	234.07	264.47		(30.40)

Commission's Analysis

It is observed that other income as per Audited Accounts is Rs. 328.42 Crore. The Petitioner has deducted the Interest on Staff advance of Rs. 3.72 Crore and delayed payment charges from consumers of Rs. 60.24 Crore to arrive at claimed amount of Rs 264.47 Crore.

The Commission, accordingly, approves the non-tariff income at Rs. 264.47 Crore in the truing up for FY 2016-17.

The deviation in non-tariff income is approved as uncontrollable. The Commission, accordingly, approves the gains / (losses) on account of non-tariff income in the truing up for FY 2016-17, as detailed in the Table below:

Table 4.56: Approved gains / (losses) due to non-tariff income in the truing up for FY 2016-17

(Rs Crore)

Particulars	Approved for FY 2016-17 in MYT Order	Approved in truing up for 2016-17	Gain/(Loss) due to uncontrollable Factor	Gain/(Loss) due to Uncontrollable Factor
Non- tariff Income	234.07	264.47		(30.40)

4.7 Revenue from Sale of Power

PGVCL has claimed the total revenue of Rs. 12645.69 Crore in the truing up for FY 2016-17 as detailed in the Table below:

Table 4.57: Revenue submitted in the truing up for FY 2016-17

(Rs Crore)

Sr. No.	Particulars	Claimed in Truing up for FY 2016-17
1	Revenue from Sale of Power	11686.18
2	Other Income (Consumer related)	525.77
3	**Total Revenue excluding subsidy (1+2+3)**	12211.95
4	Agriculture Subsidy	433.73
5	**Total Revenue including subsidy (4+5)**	12645.69

Commission's Analysis

The Commission has verified the total revenue for FY 2016-17 from the audited accounts. The actual revenue from category-wise sales, as per audited accounts, is Rs. 11,686.18 Crore. The Commission noted that PGVCL has not considered Rs. 0.05 Crore on account of interstate sale of power. The Commission includes the same in PGVCL's revenue. Further, Rs. 13 Crore towards revenue from supply of power to bulk licensee has been deducted by the Petitioner from its claim of power purchase expenses. The Commission has included this amount in PGVCL's revenue by excluding it from the power purchase cost approved in Table 4.9 of this Order. The revenue shown by the licensee from sale of power to GUVNL is Rs. 56.27 Crore and UI charges are Rs. 40.16 Crore for FY 2016-17 and which have been adjusted by the Commission against the power purchase cost for the FY 2016-17, as shown in Table

4.9 of this Order**. Accordingly, the commission approves the revenue from sale of power of Rs. 11699.23 Crore.**

It is further observed that other income as per audited annual accounts is Rs. 959.52 Crore which includes Agriculture Subsidy of Rs 433.73 Crore. After excluding the same, other consumer related income works out to Rs 525.77 Crore.

Table 4.58: Revenue approved in the truing up for FY 2016-17

(Rs Crore)

Particulars	Claimed in truing up for 2016-17	Approved in truing up for 2016-17
Revenue from Sale of Power	11686.18	11699.23
Other Income (Consumer related)	525.77	525.77
Total Revenue excluding subsidy (1+2)	12211.95	12225.00
Agriculture Subsidy	433.73	433.73
Total Revenue excluding subsidy (3+4+5)	**12645.69**	**12,658.74**

The Commission, accordingly, approves the total revenue of Rs. 12658.74 Crore, including consumer related income, of Rs. 525.77 Crore and agriculture subsidy of Rs. 433.73 Crore in the truing up for FY 2016-17.

4.8 ARR approved in the truing up

The Commission reviewed the performance of PGVCL under Regulation 21 of the GERC (MYT) Regulations, 2016 with reference to the audited accounts for FY 2016-17. The Commission computed the gains/(losses) for FY 2016-17, based on the truing up for each of the component discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the MYT Order dated 31st March, 2017, actual claimed in truing up (after taking into consideration the subsequent submission) and approved for truing up and Gains/(Losses) computed in accordance with the GERC (MYT) Regulations, 2016 are a given in the Table below:

Table 4.59: ARR approved in truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Annual Revenue Requirement	Approved for2016-17 in MYT Order	Claimed in Truing up for 2016-17	Approved in Truing up for 2016-17	Deviati on +/(-)	Gains/(Losses) due to controll able factors	Gains/(L osses) due to uncontro llable factors
1	**2**	**3**	**4**	**5**	**6=(3-5)**	**7**	**8**

Sr. No.	Annual Revenue Requirement	Approved for2016-17 in MYT Order	Claimed in Truing up for 2016-17	Approved in Truing up for 2016-17	Deviation +/(-)	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
1	Cost of Power Purchase	10,375.61	10,966.17	10,982.37	(606.76)	148.34	(755.10)
2	O&M Expenses	507.16	964.29	846.44		-	-
2.1	Employee cost	637.21	862.67	748.03	(110.82)	(110.82)	-
2.2	Repairs and Maintenance Expenses	99.82	119.43	119.43	(19.61)	(19.61)	-
2.3	Administration and General Expenses	118.76	135.59	132.38	(13.62)	(13.62)	-
2.4	Other Debits	-	8.19	8.19	(8.19)		(8.19)
2.5	DSM Expenses	-	17.12	17.12	(17.12)		(17.12)
2.6	Other expenses capitalised	(348.63)	(178.71)	(178.71)	(169.92)	-	(169.92)
3	Depreciation	669.94	654.35	654.35	15.59	-	15.59
4	Interest and Finance Charges	343.28	349.10	335.45	7.83		7.83
5	Interest on working capital	-	-	-	-	-	-
6	Bad Debts	-	4.02	2.68	(2.68)	(2.68)	-
7	Return on Equity	424.96	414.19	414.19	10.77		10.77
8	Tax paid	18.96	80.93	37.54	(18.58)		(18.58)
9	Total Expenditure (1 to 8)	12,339.91	13,433.05	13,273.02	(933.12)	1.61	(934.73)
10	Less: Non -Tariff income	234.07	264.47	264.47	(30.40)		(30.40)
11	**Aggregate Revenue Requirement**	12,105.84	13,168.57	13,008.55	(902.72)	1.61	(904.33)

4.9 Sharing of Gains / Losses for FY 2016-17

The Commission has analysed the gains / (losses) on account of controllable and uncontrollable factors. The relevant Regulations of the GERC (MYT) Regulations, 2016 are extracted below

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

23.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the tariff of the Generating Company or Transmission

Licensee or SLDC or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.

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

23.3 Nothing contained in this Regulation 23shall apply in respect of any gain or loss arising out of variations in the price of fuel and power purchase, which shall be dealt with as specified by the Commission from time to time.

Regulation 24. Mechanism for sharing of gains or losses on account of controllable factors

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

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

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

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

(a) One-third of the amount of such loss may be passed on as an additional charge in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6; and

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

4.10 Revenue gap / surplus for FY 2016-17

As shown in the Table below, PGVCL has claimed a revenue surplus of Rs. 494.07 Crore in the truing up considering the treatment of Gains/(Losses) due to controllable/ uncontrollable factors.

Table 4.60: Projected Revenue surplus/ (gap) FY 2016-17

(Rs Crore)

Sr. No.	Particulars	2016-17
1	Aggregate Revenue Requirement originally approved for 2016-17	12105.84
2	Gain /(Loss) on account of Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(1,149.01)
3	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	37.16
4	Revenue (Gap)/Surplus from True-up of FY 2014-15	49.88
5	Recovery of past year True-up (Gap)/Surplus for FY 2009-10	(147.48)
6	Recovery of past year True-up (Gap)/Surplus for FY 2010-11	133.00
7	Allocation of GUVNL profit of FY 2016-17	42.53
8	Revised ARR for FY 2015-1 (1-2-3-4-5-6-7)	13,139.75
9	Revenue from Sale of Power	11686.18
10	Other Income (Consumer related)	525.77
11	Agriculture subsidy	433.73
12	Total Revenue including Subsidy (9+10+11)	12645.69
13	Revised Gap after treating gains/(losses) due to Controllable/ Uncontrollable factors (8-12)	494.07

Petitioner's Submission

The Commission in its MYT Order, dated 31st March 2017, has approved Aggregate Revenue Requirement of Rs. 12105.84 Crore for FY 2016-17.

With the revised subsequent submission as stated in para 4.6.1 and other relevant paras of this Order, the Petitioner has claimed revised ARR of Rs. 13,168.57 Crore as shown in Table 4.59 hereinabove. The said revised ARR when compared with the ARR of Rs. 12,105.84 Crore approved in the MYT Order dated 31st March 2017 resulted in controllable gain of Rs. 107.86 Crore and uncontrollable loss of Rs. (1170.59) Crore.

As per the mechanism specified in the GERC (MYT) Regulation 2016, PGVCL proposed to pass on a sum of 1/3rd of total gain/(loss) on account of controllable factors i.e. Rs. 35.95 Crores out of Rs. 107.86 Crore and total gain/(loss) on account of uncontrollable factor i.e. Rs. (1170.59) Crore to the consumers. Additionally, the past revenue (gap) / surplus of Rs. (147.48) Crores, Rs. 133.00 Crores and Rs. 49.88 Crores for FY 2009-10, FY 2010-11 and

FY 2014-15 respectively are also adjusted in the approved Aggregate Revenue Requirement. GUVNL profit of Rs. 130.01 Crore for FY 2016-17 is allocated among four Discoms and PGVCL's share of GUVNL profit is Rs. 42.53 Crores. Based on the same, PGVCL has arrived at the Revised Aggregate Revenue Requirement for FY 2016-17 at Rs. 13,162.55 Crores.

This revised Aggregate Revenue Requirement is compared against the revised income under various heads including Revenue with Existing Tariff of Rs. 11,686.18 Crores, Other Consumer related Income of Rs. 525.77 Crores and Agriculture Subsidy of Rs. 433.73 Crores, summing up to a Total Revenue of Rs. 12,645.69 Crores. Accordingly, total Revenue Gap of PGVCL for FY 2016-17 after treatment of gain/(loss) due to controllable / uncontrollable factors is computed at Rs. 516.86 Crores as shown in the table:

Table 4.61: Revised Projected Revenue surplus/ (gap) FY 2016-17

(Rs Crore)

Sr. No.	Particulars	2016-17
1	Aggregate Revenue Requirement originally approved for 2016-17	12,105.84
2	Gain /(Loss) on account of Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(1,170.59)
3	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	35.95
4	Revenue (Gap)/Surplus from True-up of FY 2014-15	49.88
5	Recovery of past year True-up (Gap)/Surplus for FY 2009-10	(147.48)
6	Recovery of past year True-up (Gap)/Surplus for FY 2010-11	133.00
7	Allocation of GUVNL profit of FY 2016-17	42.53
8	Revised ARR for FY 2015-1 (1-2-3-4-5-6-7)	13,162.55
9	Revenue from Sale of Power	11,686.18
10	Other Income (Consumer related)	525.77
11	Agriculture subsidy	433.73
12	Total Revenue including Subsidy	12,645.69
	(9+10+11)	
13	Revised Gap after treating gains/(losses) due to Controllable/ Uncontrollable factors (8-12)	516.86

Commission's Analysis

The Commission compared the actual performance of PGVCL with the values approved in the MYT Order dated 31st March, 2017 and also the relevant tariff order dated 31st March, 2016 in Petition No. 1550/2015 for the Surplus /(Gap) claimed for earlier year. It is observed that instead of Surplus of Rs 147.48 Crore for FY 2009-10 and (Gap) of Rs 133 Crore for FY 2010-11, the Petitioner claimed the same as (Gap) and Surplus respectively.

The Petitioner has stated that subsidy of Rs. 1195.72 Crore for FY 2016-17 which was to be received in advance for all four DISCOMs as whole has not been received from the State Government. The Petitioner also informed about the State Government's commitment to release the subsidy. In view of this commitment, the consolidated gap of all four DISCOMs is reduced by the subsidy receivable amount of Rs. 1195.72 Crore. PGVCL's share in the receivable subsidy is Rs. 477.98 Crore and the same has been adjusted to work out the revenue gap/surplus of FY 2016-17.

The Commission arrived at the revised ARR and revenue gap, based on the expenses and the gains / loss approved in the truing up for FY 2016-17 and also the previous years' Surplus / (Gap) to arrive at the revenue gap of Rs 243.42 Crore as shown in the Table below:

Table 4.62: Revenue Surplus/(Gap) approved in the truing up for FY 2016-17

(Rs. Crore)

Sr. No.	Particulars	2016-17
1	Aggregate Revenue Requirement originally approved for 2016-17	12105.84
2	Gain /(Loss) on account of Gain / (Loss) on account of Uncontrollable factor to be passed on to Consumer	(904.33)
3	Gain / (Loss) on account of Controllable factor to be passed on to Consumer (1/3rd of Total Gain / Loss)	0.54
4	Revenue (Gap)/Surplus from True-up of FY 2014-15	49.88
5	Recovery of past year True-up (Gap)/Surplus for FY 2009-10	147.48
6	Recovery of past year True-up (Gap)/Surplus for FY 2010-11	(133.00)
7	Allocation of GUVNL profit of FY 2016-17	42.53
8	**Revised ARR for FY 2015-1 (1-2-3-4-5-6-7)**	**12902.74**
9	Revenue from Sale of Power	11699.23
10	Other Income (Consumer related)	525.77
11	Agriculture subsidy	433.73
12	Total Revenue including Subsidy (9+10+11)	12658.73
13	Subsidy Receivable from State Government	477.98
14	Revised (Surplus)/ Gap after treating gains/(losses) due to Controllable/ Uncontrollable factors (8-12-13)	(233.97)

5 ARR and Gap for FY 2018-19

5.1.1 Revenue from existing tariff FY 2018-19

PGVCL has estimated the category-wise revenue based on existing tariff at Rs. 9389.20 Crore in respect of category wise sales in terms of MUs approved in the MYT Order dated 31st March, 2017 for FY 2018-19, as detailed in the Table below:

Table 5.1: Sales and Revenue from existing tariff projected for FY 2018-19

Sr. No.	Particulars	Sales (MU)	Amount (Crore)
A	**LT Consumers**		
1	RGP	4,341	1,603.65
2	GLP	132	54.16
3	Non-RGP & LTMD	3,374	1,785.65
4	Public Water Works	769	264.47
5	Agriculture-Unmetered	4437	629.75
6	Agriculture-Metered	3580	364.83
7	Street Light	110	44.65
	LT Total (A)	**16,744**	**4,747.15**
B	**HT Consumers**		
1	Industrial HT	8,248	4,642.05
2	Railway Traction	-	-
	HT Total (B)	**8,248**	**4,642.05**
	Grand Total (A + B)	**24,992**	**9,389.20**

Petitioner's submission

PGVCL submitted that it has considered sale of 24992 MUs to different categories of consumers approved in the MYT Order dated 31st March, 2017 and the existing retail tariff to work out the revenue from sale of power of Rs 9389.20 Crore for FY 2018-19.

Commission's Analysis

The Commission observed that the category-wise sales for FY 2018-19, as considered by PGVCL is as per the MYT Order dated 31st March, 2017 for FY 2018-19. Taking into consideration the same and existing tariff under each category, the Commission has computed the revenue from sale of power for FY 2018-19 as detailed in the Table below:

Table 5.2: Approved Sales and Revenue from existing tariff for FY 2018-19

(Rs Crore)

Sr. No.	Particulars	Sales (MU)	Amount (Crore)
A	**LT Consumers**		
1	RGP	4,341	1,603.65
2	GLP	132	54.16
3	Non-RGP & LTMD	3,374	1,785.65
4	Public Water Works	769	264.47
5	Agriculture-Unmetered	4437	629.75
6	Agriculture-Metered	3580	364.83
7	Street Light	110	44.65
	LT Total (A)	**16,744**	**4,747.15**
B	**HT Consumers**		
1	Industrial HT	8,248	4,642.05
2	Railway Traction	-	-
	HT Total (B)	**8,248**	**4,642.05**
	Grand Total (A + B)	**24,992**	**9,389.20**

5.1.2 Revenue from FPPPA charges

PGVCL has estimated revenue from FPPPA charges for FY 2018-19, as detailed in the Table below:

Table 5.3: Revenue from FPPPA Charges for the FY 2018-19

Particulars	Amount
Rate of FPPPA (Rs/.kWh)	1.49
Sales (MUs)	24991
FPPPA charges (Rs. Crores)	3,723.70

Petitioner's submission

PGVCL has submitted that in the MYT Order dated 31.03.2017 for Control Period FY 2016-17 to FY 2020-21, the Commission has considered the base power purchase cost at Rs. 4.17/unit and base FPPPA at Rs. 1.43/unit. As per approved FPPPA formula, any increase in power purchase cost during the year over the base power purchase cost of Rs. 4.17/unit is to be recovered through FPPPA over and above base FPPPA of Rs. 1.43/unit on quarterly basis. As per approved ARR for FY 2018-19, the weighted average power purchase cost is worked out to Rs. 4.22/unit as against base power purchase cost of Rs. 4.17/unit. Thus, the incremental power purchase cost of Rs. 0.05/unit for FY 2018-19 (i.e. Rs. 4.22 - 4.17) grossed up with losses works out to Rs 0.06/unit which will be recovered through FPPPA over and above base FPPPA of Rs. 1.43/unit totaling to Rs 1.49/unit during FY 2018-19 as shown in the Table below:

Table 5.4: Revenue from FPPPA Charges for the FY 2018-19

(Rs Crore)

Sr. No	Particulars	FY 2017-18	FY 2018-19
1	Fixed Cost	12913	13520
2	Variable Cost	18302	19523
3	GETCO Cost	3407	3749
4	GUVNL Cost	350	368
5	PGCIL Charges	1591	1670
6	SLDA Charges	16	8
7	Total Power Purchase Cost	36579	38838
8	Total Energy Requirement	87619	91973
9	**Power Purchase Cost (Rs./kWh)**	**4.17**	**4.22**
10	Increase in Power Purchase Cost		0.05
11	Additional FPPPA Charges (Grossed up by Distribution Loss @ 18.32%)		0.06
12	Existing FPPPA Charges (Rs./kWh)		1.43
13	Revised FPPPA Charges (Rs./kWh)		1.49

Commission's Analysis

The Commission allows revenue from FPPPA charges on the approved sales of 24,991 MUs for FY 2018-19 at Rs 1.49/kWh as shown in the Table below.

Table 5.5: Approved Revenue from FPPPA Charges for the FY 2018-19

Particulars	2018-19
FPPPA Rate (Rs/.kWh)	1.49
Sales (MUs)	24991
FPPPA Charges (Rs. Crore)	3,723.70

5.1.3 Other (consumer related) income

PGVCL has estimated the other consumer related income at Rs. 470.98 Crore for FY 2018-19, as detailed in the Table below:

Table 5.6: Other Consumer related Income for FY 2018-19

(Rs Crores)

Particulars	**Amount**
Other Income Consumer Related	470.98

Petitioner's submission

PGVCL has submitted that the revenue from other consumer related income comprises of revenue on account of charges other than the basic charges applicable to the Consumers. These include income on account of meter rent, wheeling charges, inspection charges and miscellaneous charges.

Commission's Analysis

The Commission has observed that PGVCL has projected the other consumer related income for FY 2018-19 as approved by the Commission in the MYT Order dated 31st March, 2017.

The Commission, accordingly, approves the other consumer related income at Rs. 470.98 Crore for FY 2018-19 as shown in the Table below:

Table 5.7: Approved other consumer related income for FY 2018-19

(Rs Crores)

Particulars	**Amount**
Other Income Consumer Related	470.98

5.1.4 Agriculture subsidy

Petitioner's submission

PGVCL submitted that the annual agricultural subsidy that was being received by the erstwhile GEB from the State Government will continue to be received by the four DISCOMs i.e. Rs 1100 Crores. The share of agricultural subsidy for FY 2018- 19 is considered same as approved by the Commission in the MYT Order dated 31st March, 2017.

Table 5.8: Agriculture Subsidy projected for FY 2018-19

(Rs Crores)

Particulars	**Amount**
Agriculture Subsidy	440.53

Commission's Analysis

The Commission observed that PGVCL has claimed the Agriculture Subsidy for FY 2018-19 as per the MYT Order dated 31st March, 2017.

The Commission, accordingly, approves the Agriculture Subsidy at Rs. 440.53 Crore for FY 2018-19:

Table 5.9: Approved agricultural subsidy for FY 2018-19

(Rs. Crore)

Particulars	Amount
Agriculture Subsidy	440.53

5.1.5 Total expected revenue for FY 2018-19

Petitioner's submission

The total expected revenue for PGVCL comprises of revenue from sale of power at existing tariff, FPPPA charges, other consumer related income and Agriculture Subsidy. Total revenue for FY 2018-19 is as shown in the Table below:

Table 5.10: Total Revenue projected for FY 2018-19

(Rs Crore)

Sr. No.	Particulars	Amount
1	Revenue with Existing Tariff	9,389.20
2	Base FPPPA Charges @ 149 paisa/kWh	3723.70
3	Other Income (Consumer related)	470.98
4	Agriculture Subsidy	440.53
5	**Total Revenue including subsidy (1 to 4)**	**14,024.42**

Commission's Analysis

The total revenue as estimated by the Commission for FY 2018-19 is shown in the Table below:

Table 5.11: Approved Total Revenue for FY 2018-19

(Rs Crore)

Sr. No.	Particulars	Amount
1	Revenue with Existing Tariff	9,389.20
2	Base FPPPA Charges @ 149 paisa/kWh	3723.70
3	Other Income (Consumer related)	470.98
4	Agriculture Subsidy	440.53
5	**Total Revenue including subsidy (1 to 4)**	**14,024.42**

5.2 ARR for the FY 2018-19

The Table below shows the Aggregate Revenue Requirement including power purchase cost of PGVCL for FY 2018-19 approved in the MYT Order dated 31st March, 2017.

Table 5.12: Approved Multi-Year ARR for FY 2018-19

(Rs. Crore)

Sr. No.	Particulars	2018-19
1	Power Purchase Cost	11937.37
2	Operation & Maintenance Expenses	566.85
2.1	Employee Cost	712.19
2.2	Repairs & Maintenance Expenses	111.57
2.3	Administration & General Expenses	132.74
2.4	Other Debits	-
2.5	Extraordinary Items	-
2.6	Net Prior Period Expenses / (Income)	-
2.7	Other Expenses Capitalised	(389.65)
3	Depreciation	864.69
4	Interest & Finance Charges	405.33
5	Interest on Working Capital	-
6	Provision for Bad Debts	-
7	**Sub-Total (1 to 6)**	**13774.24**
8	Return on Equity	544.74
9	Income Tax	18.96
10	**Aggregate Revenue Requirement (7 to 9)**	**14337.93**
11	Less: Non-Tariff Income	234.07
12	**Aggregate Revenue Requirement (10 - 11)**	**14103.87**

5.3 Estimated Revenue Gap / Surplus for FY 2018-19

Based on the above, the estimated revenue gap / surplus for FY 2018-19 at existing tariff is worked out as shown in the Table below:

Table 5.13: Estimated Revenue (Surplus)/Gap for FY 2018-19 at Existing Tariff

(Rs. Crore)

Sr. No.	Particulars	Claimed	Approved
1	Aggregate Revenue Requirement for FY 2018-19	14,103.87	14,103.87
2	Revenue Gap from True up of FY 2016-17	516.86	(233.97)
3	**Total Aggregate Revenue Requirement for FY 2018-19**	**14,620.72**	**13,869.90**
4	Revenue with Existing Tariff	9,389.20	9,389.20
5	FPPPA Charges @ Rs.1.49/kWh	3,723.70	3,723.70
6	Other Income (Consumer related)	470.98	470.98
7	Agriculture Subsidy	440.53	440.53
8	**Total Revenue including subsidy for FY 2017-18 (4 to 7)**	**14,024.42**	**14,024.41**
9	**(Surplus) / gap (3 - 8)**	**596.31**	**(154.51)**

6 Compliance of directives

6.1 Compliance to earlier directives

The Commission had given various directives to PGVCL in the Order dated 31st March 2016, compliance of which is mentioned below:

Directive 1: Category wise cost to serve report

DISCOMs are directed to ensure that the cost to serve report is invariably submitted every year along with tariff petition.

Compliance:

PGVCL is in process of preparation of Cost to Serve report for FY 2016-17 and shall submit at the earliest.

Commission's comments:

The DISCOM has submitted the Cost to Serve report on 15th February 2018.

Directive 2: Meters on Distribution Transformers

PGVCL should install meters on balance transformers by 31.12.2016 and submit a report to the Commission. The DISCOM should submit the results of energy audit conducted along with counter measures taken into account by 31.12.2016.

Compliance:

PGVCL Submits the report on providing Meters on Distribution Transformers regularly on quarterly base to Hon'ble Commission. Status of Meters installed on Distribution Transformer as on September, 2017 is as under.

Distribution Transformer Meter Installation				
Sr. No.	Particulars	Nos. as on 30.09.2017	Meters installed as on 30.09.2017	%
1	Other Than Agriculture	101522	101522	100%
2	Agriculture	576978	524770	90.95%
3	**Total**	**678500**	**626292**	**92.31%**

PGVCL is in process of consumer mapping on the feeder and on relevant Distribution Transformer for the purpose of "Energy Audit". A report, in this regard comprises of five Jyotigram feeders is submitted by PGVCL to Hon'ble Commission.

Commission's comments

The Petitioner has been able complete metering on 92.31% of the transformers. Installation of meters on the balance transformers needs to be completed by PGVCL within the time frame as stipulated by them. They are directed to submit quarterly progress reports to the Commission.

Directive 3: Losses on Jyoti Gram Yojana feeders

PGVCL is directed to put in serious and concerted efforts to bring down the losses on Jyoti Gram Yojana feeders substantially.

Compliance:

The status of distribution losses of JGY Feeders are as follows:

Sr. No.	Year	Unit sent out (MUs)	Unit sold out (MUs)	% Loss
1	2011-12	4034.44	2050.53	49.17%
2	2012-13	4311.10	2333.23	45.88%
3	2013-14	4276.31	2544.09	40.51%
4	2014-15	4703.27	2902.94	38.28%
5	2016-17	5028.06	3221.70	35.90%
6	2016-17	5216.62	3511.92	32.68%

PGVCL covers large rural areas of the state and contribution of JGY category loss in overall loss is also significant. Company has taken stringent steps for reduction of losses of JGY feeders, particularly on high loss JGY feeders, for taking corrective action. The following specific activities have been carried out by the Company:

Sr. No.	Activity	UOM	2015-16	2016 -17	2017 - 1 (Upto September'17)
1	Deaugmentation of Transformer	Nos.	790	845	163
2	DTC meter installation	Nos.	7048	78088	3640
3	F meter Replaced - 1 Phase	Nos.	96139	79103	28202
4	F meter Replaced - 3 Phase	Nos.	9544	25032	2530
5	Pilfer proofing of connections - 1 Phase	Nos.	384097	476946	137390
6	Pilfer proofing of connections - 3 Phase	Nos.	26582	87929	11675
7	Replacement of service line having Joint	Nos.	151405	125735	41668
8	Armour service Provided	Nos.	20705	2532	10173
9	AB Cable Provided	Kms	4182.56	2243	973.12
10	5 KVA DTC Installed	Nos.	3246	1630	504
11	Ag Crossings Removed	Nos.	3085	1891	709
12	Connections Checked	Nos.	704997	1050097	225894
13	Connection Detected	Nos.	118438	176603	36632
14	Locked Premises Verification	Nos.	174056	214615	73555

15	Zero Consumption Verification	Nos.	233684	271734	117478
16	Cross verification of meter reading	Nos.	264824	281539	113297
17	Disconnected conn. Verification	Nos.	72643	84231	37937
18	Unconnected conn. Verification	Nos.	1664	3644	1724
19	Verification of X status connection	Nos.	159239	155303	68661
20	Verification of Y status connection	Nos.	47216	32372	14542
21	Verification of RGP connections < 50 units	Nos.	242852	274967	120203
22	Verification of NRGP connections < 50 units	Nos.	75042	68099	28968
23	Release of New Connections (All category)through E-Urja	Nos.	62197	188853	38901
24	Maintenance of HT Line	Kms	23075	95611	12382.57
25	Maintenance of LT Line	Kms	16627	47815	7224.99
26	Maintenance of T/C Centers	Nos.	29194	73714	11910
27	Augmentation of Transformer for Ag. Load extension	Nos.	472	552	133

As directed by Hon'ble Commission, PGVCL selected 284 nos. Jyotigram feeders having more than 50% Distribution Loss for focused action such feeders. Aggregate loss of all such feeders was 62.94% as on March'17 and have reduced to 61.33% as on August'17.

Taking into account the area constraints, available resources and past trend, Company has planned to reduce further 5% during the current financial year.

Commission's comments:

There are number of JGY feeders which are still having more than 50% loss level and the same needs to be reduced by giving priority. The Petitioner needs to identify such feeders and 5% loss reduction should be targeted for such feeders. PGVCL should submit quarterly report to the Commission, indicating loss reduction achieved for such feeders.

<u>Directive 4</u>: Energy Audit and Segregation of HT & LT losses

PGVCL is directed to conduct energy audit and submit energy audit report for transformers having different consumer mix along with action taken, if any, for reducing the losses. The Commission further directs the Utilities to conduct a fresh evaluation study to work out exact losses in HT and LT side.

Compliance:

PGVCL has submitted the report on Segregation of HT & LT Losses.

Commission's comments:

The Commission observed from the report that as per the study carried out by the consultant, the technical and commercial losses in the HT System works out to 19.89% and for LT System 15.70%. The Petitioner is directed to submit the efforts made to reduce the technical and commercial losses on HT System and LT System including different feeders, Transformers (DTC) on monthly basis to the Commission

Directive 5: Subsidy for Agricultural Consumers

Some of the stakeholders pointed out that the Discoms are not providing separate details related to Subsidy claimed, Subsidy received and outstanding subsidy with the State Government. In view of the ambitious target for clearing backlog of pending application for Agricultural connections, the Discom is directed to report progress on release of Agricultural Connections along with details related to subsidy claimed under different heads, subsidy received and outstanding subsidy from the State Government on quarterly basis.

Compliance:

Time to time compliance to the Directive on Subsidy for Agricultural is submitted by GUVNL & PGVCL.

Commission's comments

It is necessary that the subsidy is received in advance and in timely manner by the Licensee otherwise it will impact the cash flow of the licensee. The Commission therefore directs the Licensee to ensure that they receive the subsidy in time by pursuing with the State Government. The State Government is advised to release the subsidy amount to the Distribution Licensee as approved in the State Budget for FY 2018-19 as per the provisions of Section 65 of the Electricity Act, 2003

Directive 6: Replacement of Defective Meters

It is observed that a high number of defective meters exist in the system. Such a high number of defective meters in the system is not only affecting revenues of the Discom but it also is resulting into consumer grievances. Discom is directed to prepare detailed action plan for replacement of defective meters and submit the same by 30th June 2017

Compliance:

Replacement and Status of defective meter is submitted to Hon'ble Commission on quarterly basis by the Company. It would be apt to mention that company replaces meters regularly and, in fact, it is a continuous activity.

Further, it is pertinent to state that PGVCL has large consumer base having 48 Lacs plus consumers under different tariff category. Out of which, more than 25 Lac number of consumers are prior to the year 2000. Though, erstwhile GEB had started procuring High precision meters both for single and three phase connections from the year 2000-2001, the procurement of precision single phase meters on large scale basis was happen only from 2003 and onwards. At that time, also "Electromechanical" based single phase precision meters were available. Factually, the Company had started procuring three phase static meters from year 2005 onwards and single phase electronic / static meters from 2008-09 onwards. Being large consumer base is from single phase connection, the majority faulty meters are also from the single phase category. Meter is classified as faulty meter on account of functional problems generally observed at the time of meter reading or inspection such as stuck up, running slow, fast, creeping or improperly recording or not functioning as per requirement. There are two main causes for meter getting faulty, either due to technical defect or wear and tare and another one due to consumers' interference.

Detail of the meters replaced during last five years and planning for next two years is given here under.

Meters Replaced:

Sr. No.	Year	Description	Nos. of Meters Replaced
1	2015- 16	Defective replaced	123830
		Other than defective replaced	276492
		Total	400322
2	2016-17	Defective replaced	100438
		Other than defective replaced	305960
		Total	406398
3	2017 -18 (Sept.'17)	Defective replaced	46598
		Other than defective replaced	130246
		Total	176844

Since, this being a continuous activity, it is planned that consumer meters having present faulty status shall be replaced within a year time and our planning for next two years is as under.

Sr. No.	Year	Planning for replacement
1	2017-18	522887
2	2018-19	475000

Commission's comments

The Commission observed that the Licensee has made efforts for replacement of meters, as directed by the Commission. As the meter accuracy is directly linked with the revenue, it is necessary to ensure the correct functioning of the meters so that the energy consumption is reflected correctly and accordingly the correct revenue is earned from the consumers against cost of supply.

Directive 7: Rooftop Solar Installations

Discoms is directed to report the progress with the details like number of applications received, kW requested, approval given, installation completed, grid connectivity provided and electricity generated from such installation on quarterly basis.

Compliance:

Quarterly report of Rooftop Solar Installations is as under:

Solar rooftop Quarterly report cumulative upto Sep-17								
Sr. No	Criteria	PGVCL						
		RL	CL	Industrial	Others	Govt.	Ground Mounted	Total
1	Nos. of Applications registered at GEDA and conveyed to DISCOMs	3089	30	33	73	142	14	3381
2	Solar Installation Capacity (in KW)	8114	476	6656	2137	4114	5585	27082.4
3	Estimate Issued	2868	26	31	67	96	14	3102
4	Estimate paid	1248	6	20	18	84	9	1385
5	CEI Charging Approval or Self Certification received	1257	6	22	17	81	4	1387
6	Bidirectional And Solar Meter Installed	1202	6	23	16	75	4	1326
7	Installed KW	2951	50	1111.6	200	1851.5	4309	10473.22

Generation from solar projects during this 1st and 2ndQuarter & Total unit generated up to Sep-17 are as under:

Solar generation generated in generation meter (KWH)

Category of solar rooftop	From Apr-17 to Sep-17	Total (up to Sep-17)
Residential	832056.5	889222.5
Commercial	57441	62927
Industrial	408737	441445
Others	116722	138298
Government	347303	529207
Ground Mounted	3711410	7583990
Total	5473669.5	9645089.5

Commission's comments

The Commission noted the compliance of the Petitioner.

Directive 8: High Distribution Losses

It is observed that the distribution losses are not reducing for PGVCL as projected and approved. PGVCL continuously reporting same type of efforts being undertaken by them for controlling distribution losses. Stakeholders also representing that the honest consumers shall not be adversely affected because of high distribution losses. Now it is required for PGVCL to explore alternative line of action in Order to reduce distribution losses for specific areas and accordingly PGVCL is directed to explore other options.

Compliance:

PGVCL is the largest Distribution Company supplying electricity to approximately 50 lakhs of different category consumers under 12 Districts of Saurashtra & Kutch with 1 Zonal Office, 12 Circle Offices, 45 Divisions and 243 Sub Divisions through 11 KV feeders of various category like; Urban, Industrial, GIDC, Jyotigram, Ag Dom, HT Express, Water Works etc. through HT & LT Network of more than 3 Lakh Kms. over One Lakh Km. geographical area.

PGVCL has started its operation from September 2005 and over all distribution loss level at the end of March-2006 was 38.48%. With the strenuous efforts in distribution loss reduction with adoption of new available technology and equipments, best practice implemented across India in other states, continuous monitoring of installation checking activity, etc., PGVCL has been able to achieve reduction of approximately 16% over 12 years of working, and present loss level at the end of March-2017 is 22%. Category wise comparison of distribution loss level as on March-2006 & March-2017 is as under:-

Sr. No.	Category	% loss as on Mar-16	% loss as on Mar-17

1	Urban	29.90	13.88
2	JGY	64.89	32.68
3	Ag Dom	48.87	31.16
4	Industrial	11.45	2.66
5	GIDC	12.81	2.69
6	Overall	38.48	20.80

From the table, it can be observed that significant loss reduction is achieved in all category feeders including Jyotigram (JGY) category feeders. Distribution loss of JGY category has been reduced from 65% to 32.68%, while in Urban category, losses are reduced from 30 % to 14%.

For having focused action on High Loss feeders, feeders are selected based on its Distribution loss on following criteria and specific actions are planned:-

a) Urban category feeders - above 25% loss
b) JGY category feeders - above 50% loss
c) Industrial / GIDC feeders - above 5% loss
d) Ag Dom feeders - above 50% loss

Feeder wise feeder managers for the selected feeders are nominated and responsibility assigned for carrying out loss reduction activities. Comprehensive planning for the work to be carried out on such feeders is done on the basis of actual field report. Moreover, fortnightly & monthly meeting of Feeder Managers is carried out at various level.

Year wise feeders selected and status of Distribution Losses of at the end of each year and at the end of March'17 is as under.

Year	Nos. of selected feeders	Reducing trend in Nos. of feeders compared to previous year	% loss at the beginning Jul-14	% loss at Mar'15	% loss at Mar'16	% loss at Mar'17	% reduction in losses in selected feeders
2014-15 (selection in Jul-14)	1283	1022	54.37	48.89	42.12	40.14	14.23% in 2.5 yrs
2015-16	1491	1297		44.47	40.67	36.51	7.96 % in 2 yrs
2016-17	1466	1388			44.50	39.01	5.49 % in 1 yr

Commission's comments

The Commission noted the actions taken by the PGVCL. It is apparent that the Petitioner has made efforts for reducing the losses in Urban, GIDC and Industrial category and the result is also reflected that the losses have reduced significantly. Similarly, the Petitioner has also made efforts for reducing loss level in JGY and Ag. Dom with almost 50% reduction in loss level of JGY feeder and about 36% in Ag. Dom category from March-2006 level. However, the Petitioner needs to continue its efforts for reduction of losses in JGY and Ag. Dom. Categories. Efforts are also required in Urban category to further bring down the loss level and for reduction in overall distribution loss level. The Petitioner is directed to submit the report of efforts made for loss reduction on monthly basis to Commission.

Directive 9: Renegotiation of PPA for stranded generating stations due to non-availability of fuel or costly fuel

Some of the stakeholders represented that there is adverse impact on tariff of the consumers because of fixed cost liability of some generating stations which are not working either due to non-availability of fuel or costly fuel. In view of the above, the Distribution Licensee is directed to explore the possibilities of reduction in fixed cost elements e.g. normative O&M charges, Return on Equity, normative interest on working capital etc. by renegotiating existing PPAs of such stranded generating stations. The Distribution Licensee is also directed to submit action taken report in this regard by 30th September, 2017.

Compliance:

GUVNL has submitted compliance to this directive.

Commission's comments

As far as renegotiation of the PPA for stranded generating station is concerned, the same is carried out within the framework of the PPA executed between the parties.

6.2 Fresh Directives:

<u>Directive 1</u> : The Commission observed recently that the demand in the State is increasing against which the availability of power is not sufficient due to various reasons. In such a situation Licensees have to procure short term power at higher rates. The Commission is of the view that Discoms/ GUVNL should endeavour to plan out power purchase in advance on priority to optimise power purchase cost with the varying demand at competitive rate so as to maintain consistent and reliable supply in the State.

Directive 2 : In order to promote supply at higher voltages, the Commission is of the view that consumers should be appropriately incentivised for availing supply at EHV. At present there is a provision of giving rebate to such EHV consumers in terms of percentage to the energy charges. Discoms are directed to carry out a detailed study to work out cost of supply at EHV level, reduction in technical loss for supplying electricity at higher voltages, and submit it to the Commission on or before 30th September, 2018.

Directive 3 : The Government to promote renewable energy, has promulgated a scheme for installation of solar pump for agriculture consumers thereby promoting de-centralised energy generation. The scheme has manifold benefits to the society inter-alia reduction in distribution loss and power purchase cost to the distribution company. The Commission is of the view that the benefit that shall accrue to the distribution licensees should also be shared with the farmers. In order to give a boost to the programme of the Government, the Commission contemplates appropriate tariff to be paid to the farmers by the distribution licensees for surplus energy generation from such solar pump installations. The distribution licensees are directed to explore the possibilities for promotion of such installations and a report in this regard may be submitted by 30th September 2018.

Directive 4 : It is required to match the electricity demand curve with the availability of electricity supply and in order to optimise the overall cost of electricity supply to consumers and to move towards recovery of cost of supply according to time of use of electricity supply, Commission would like to introduce Demand Response measures. Accordingly, the Distribution Licensee is directed to initiate study for implementing ‘Demand Response’ measures and submit its Action Plan accordingly by 30th September, 2018.

7 Fuel and Power Purchase Price Adjustment

7.1 Fuel Price and Power Purchase Price Adjustment

The Commission its Order in Case No. 1309/2013 and 1313/2013 vide dated 29.10.2013, has approved the formula as mentioned below:

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

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

7.2 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for all the DISCOMs including fixed cost, variable cost, GETCO cost, GUVNL Cost, PGCIL charges, SLDC charges for FY 2018-19 from various sources as given in the Table below:

Table 7.1: Base price of Power Purchase

(Rs. Crores)

Sr. No.	Particulars	Cost
1	Fixed Cost	13,520
2	Variable Cost	19,523
3	GETCO Cost	3,749
4	GUVNL Cost	368
5	PGCIL Charge	1,670
6	SLDC Charge	8
8	**Total Power Purchase Cost**	**38,838**
9	**Total Energy Requirements**	**91,973**
10	**Power purchase Cost (Rs. /kWh)**	**4.22**

As mentioned above the base Power Purchase cost for the DISCOMs is **Rs. 4.22/kWh**.

GUVNL/DISCOMs may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in **Section 7.1** above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on the website of the Licensee / GUVNL.

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

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

8 Wheeling charges and Cross Subsidy Surcharge

8.1 Allocation matrix

Regulation 87 of the GERC (MYT) Regulations, 2016 stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensees in the ARR and Tariff Order.

PGVCL has provided the allocation matrix for allocation of costs between wires business and retail supply business as notified in the GERC (MYT) Regulations, 2016 (Regulation 87) as shown in the Table below:

Table 8.1: Allocation matrix for segregation of wheeling and retail supply for the FY 2018-19

Sr. No.	Allocation Matrix	Wire Business	Retail Supply Business
1	Power Purchase Expenses	0%	100%
2.1	Employee Expenses	60%	40%
2.2	Repairs & Maintenance expenses	90%	10%
2.3	Administration & General Expenses	50%	50%
2.4	Other Debits	50%	50%
2.5	Extraordinary Items	50%	50%
2.6	Net Prior Period Expenses / (Income)	25%	75%
2.7	Other Expenses Capitalized	55%	45%
3	Depreciation	90%	10%
4	Interest & Finance charges	90%	10%
5	Interest on Working Capital & Security Deposit	10%	90%
6	Bad Debts Written off	0%	100%
7	Income Tax	90%	10%
8	Return on Equity	90%	10%
9	Non-tariff Income	10%	90%

Based on the above allocation the approved ARR for wires business and retail supply business are computed for PGVCL for FY 2018-19.

Table 8.2: Allocation of ARR between wheeling and retail supply business for FY 2018-19

(Rs Crore)

Sr. No.	Particulars	Distribution	Wire Business	Retail Supply Business
1	Power Purchase Expenses	11,937.37	-	11,937.37
2	O & M Expenses	566.85	379.79	187.06
2.1	Employee Cost	712.19	427.31	284.88
2.2	Repair & Maintenance Expenses	111.57	100.41	11.16
2.3	Administration & General Expenses	132.74	66.37	66.37
2.4	Other Debits	-	-	-
2.5	Extraordinary Items	-	-	-
2.6	Net Prior Period Expenses /(Income)	-	-	-
2.7	Other Expenses Capitalized	(389.65)	(214.31)	(175.34)
3	Depreciation	864.69	778.22	86.47
4	Interest & Finance Charges	261.51	235.36	26.15
5	Interest on Security Deposit	143.82	14.38	129.44
6	Interest on Working Capital	-	-	-
7	Bad Debts Written Off	-	-	-
8	Contribution to Contingency Reserves	-	-	-
9	**Total Revenue Expenditure**	**13,774.24**	**1,407.75**	**12,366.49**
10	Return on Equity	544.74	490.27	54.47
11	Income Tax	18.96	17.06	1.90
12	**Aggregate Revenue Requirement**	**14,337.94**	**1,915.08**	**12,422.86**
13	Less: Non-Tariff Income	234.07	23.41	210.66
14	**Aggregate Revenue Requirement**	**14,103.87**	**1,891.67**	**12,212.20**

8.2 Wheeling charges

The wheeling charges for the four Distribution Companies, DGVCL, MGVCL, PGVCL and UGVCL for the FY 2018-19, as given below are applicable for use of the distribution system of a licensee by other licenses or generating companies or captive power plants or consumers / users who are permitted open access under Section 42 (2) of the Electricity Act, 2003.

Table 8.3: Wheeling charges for FY 2018-19

Sr. No.	Particulars	Units	Amount
1	Distribution costs of the four DISCOMs	Rs. Crore	4,156.10
2	Distribution cost of the four DISCOMs at 11 kV level (30% of total distribution cost)	Rs. Crore	1,246.83
3	Distribution cost of the four DISCOMs at LT level (70% of total distribution cost)	Rs. Crore	2,909.27
4	Energy input at 11 kV	MUs	85,361.00

5	**Wheeling charges at 11 kV**	**Ps./kWh**	**14.61**
6	Energy Input at 400 V	MUs	51994.1
7	**Wheeling charges at 400 V (LT)**	**Ps./kWh**	**55.95**

Accordingly, the Commission approves wheeling charges for HT network (11 KV system) at 14.61 Paise per unit and wheeling charges for LT network (400 V system) at 55.95 Paise per unit.

Distribution losses

The distribution loss at 11 kV and 400 V during FY 2018-19 are given below:

Particulars	Point of energy delivered	
	11 kV	**400 Volts**
11 kV, 22 kV and 33 kV	10%	13.82%
400 Volts		6.28%

The losses in HT and LT network are 10% and 6.28% respectively, with respect to energy input to the segment of the system. In case injection at 11 kV levels and drawal at LT level envisages use of both the networks i.e. 11 kV and LT, in that case, the combined loss works out to 13.82% of the energy injection at 11 kV network.

The above wheeling charges payable shall be uniform in all the four distribution companies, DGVCL, MGVCL, PGVCL and UGVCL.

8.3 Cross Subsidy Surcharge

The Cross Subsidy Surcharge is based on the formula given in the Tariff Policy as below:

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

Where,

- T is the tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation
- C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation
- D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level
- L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level
- R is the per unit cost of carrying regulatory assets.

The Cross Subsidy Surcharge based on the above formula is worked out as shown in the Table below:

Table 8.4: Cross Subsidy Surcharge for FY 2018-19

Sr. No.	Particulars	Units	HT Industry
1	T	Rs/ kWh	7.34
2	C	Rs/ kWh	4.22
3	D	Paise/ kWh	14.61
4	L	%	10%
5	**S (Cross Subsidy Surcharge)**	**Rs/ kWh**	**2.51**

S = 7.34 – [4.22/(1-0.10) + (14.61/100) + 0]= 2.51

Thus, Cross subsidy surcharge as per Tariff Policy, 2016 works out to Rs. 2.51 /kWh for the four State owned Distribution companies viz. DGVCL, MGVCL, PGVCL and UGVCL.

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

In view of above, the Commission decided to restrict the Cross Subsidy Surcharge leviable from the consumers of the four State Owned Distribution Companies, seeking Open Access, for FY 2018-19 at Rs. 1.47 /kWh.

Accordingly, Cross subsidy surcharge for HT Category = **1.47 Rs /kWh** for **FY 2018-19.**

9 Tariff Philosophy and Tariff Proposals

9.1 Introduction

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

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

9.2 DISCOMs Tariff Proposal and Changes in Tariff Structure

There are few changes/revision/modification in the tariff structure proposed by the Petitioner for FY 2018-19

A. Meter rent to be merged with Fixed / Demand Charges:

To address the issue of applicability of multiple taxes such as Electricity Duty and GST on different components of electricity bill like energy charge, fixed charge, meter charge etc., the Petitioner proposed to merge meter charges into fixed charge so that only one tax i.e. Electricity Duty is applicable.

B. Change in condition for opting LTMD by NRGP:

Existing Provision

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.

Proposed Provision

This tariff shall also be applicable to consumer ***having contracted load of 15 kW and above*** covered in category – '*Rate: Non-RGP'* so opts to be charged in place of *'Rate: Non-RGP'* tariff.

C. Change in condition for switch over from Non-RGP to Non-RGP Night:

Existing Provision

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.

Proposed Provision

The option can be exercised to switch over from Non-RGP tariff to Non-RGP Night tariff **or** vice versa twice in a calendar year by giving not less than one month's notice in writing.

D. Change in condition for switch over from LTMD tariff to LTMD – Night tariff:

Existing Provision

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.

Proposed Provision

The option can be exercised to switch over from LTMD tariff to LTMD Night tariff **or** vice versa twice in a calendar year by giving not less than one month's notice in writing.

E. Change in condition for switch over from HTP-I tariff to HTP-IV tariff:

Existing Provision

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.

Proposed Provision

The option can be exercised to switch over from HTP-I tariff to HTP-IV tariff **or** vice versa twice in a calendar year by giving not less than one month's notice in writing.

9.3 Commission's Analysis

The Commission noted that the Petitioner has proposed changes in the Tariff Structure as stated above. Some of the stakeholders have also suggested modification in retail tariff schedule. The details of proposal and suggestions considered by the Commission are given here under-

1. <u>Meter Rent-</u>

The State owned Distribution Licensees have proposed merging of meter charges with the fixed charges/ demand charges. Some of the stakeholders have repeatedly suggested to abolish meter rent from the electricity bill.

At present Meter Rent is being collected by the Distribution Licensee in accordance with the Gujarat Electricity Regulatory Commission (Licensee's Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005.

In view of the proposal of the petitioner, representations of the stakeholders and in exercise of the powers conferred under the aforesaid Regulations, the Commission decides to abolish Meter Charges effective from 1st April 2018.

2. Clarity for shifting tariff category for exclusive night time tariff-

In order to reduce ambiguity and to provide more clarity in switching of tariff category from regular tariff to exclusive night time tariff and period of notice, Commission decides to reword existing condition as follows-

'*The option can be exercised to shift from regular tariff category to exclusive night time tariff or from exclusive night time tariff category to regular tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.'*

3. Extending benefit of Optional Demand Based Tariff to small consumers-

At present consumers covered under 'Rate: Non-RGP' category can opt for demand based 'Rate: LTMD' tariff. Some of the stakeholders represented that in order to encourage small consumers to opt for demand based tariff, it is required to reduce minimum billing criteria of 15 kW in Billing Demand of 'Rate: LTMD' category to 6 kW. Commission agrees with the suggestion to extend option of demand based tariff to small consumers and accordingly decides to reduce minimum billing criteria from existing 15 kW to 10 kW.

4. Reduction in Fixed Charges/Demand Charges for Lift Irrigation tariff-

Association of farmers; Piyat Mandalis represented that at present electricity supply for piyat mandalis for use of surface water in irrigation is covered under category created for 'Lift Irrigation'. However, tariff for this category is higher than the normal charges applicable to individual farmer for regular supply for irrigation. Discoms have replied that the special 'Lift

Irrigation' category created for 24 hour electricity supply to lift surface water for irrigation purpose and tariff is also determined accordingly. Commission observed that there is a need to encourage 'Piyat Mandalis' and use of surface water for irrigation purpose on co-operative basis and to reduce demand for separate connection of individual farmer. Accordingly the Commission decides to reduce fixed charges for 'LTP- Lift Irrigation' category from Rs. 45 per HP per month to Rs. 20 per HP per month and the Demand Charges for HTP-V category from Rs. 50 per kVA per month to Rs. 25 per kVA per month.

5. <u>Applicability of GLP tariff-</u>

One of the stakeholders represented that the applicability of 'Rate: GLP' may also be made applicable to the institutes which are established for charity purpose but are not allowed to register with the Charity Commissioner. The Commission decides to modify applicability criteria for 'Rate: GLP' so as to include institutes registered with the Charity Commissioner and similarly placed authority designated by the Government of India for such intended purpose.

6. <u>Tariff for Electric Vehicle (EV) charging facilities</u>-

The Commission is aware about initiative taken by the Government to encourage use of electric vehicles. One of the challenges in this regard is identified as lack of EV charging infrastructure. Commission would like to clarify that the consumers getting electricity supply under regular tariff categories may use electricity supply for EV charging under same consumer category.

Further, in order to promote creation of new EV charging facilities, Commission decides to introduce special tariff category for exclusive EV Charging infrastructure with Fixed Charges of Rs. 25 per month per installation and Energy Charges of Rs. 4.10 per kWh for LT consumer and Demand Charges of Rs. 25 per KVA per month and Energy Charges of Rs. 4.00 per kWh for HT consumer. Such consumers are also required to pay the FPPPA charges as applicable from time to time.

In view of the above referred modifications, it is estimated that the consolidated revenue of four Discoms may be affected, which will be duly considered by Commission in next ARR in truing up exercises.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for PGVCL for FY 2018-19 as shown in the Table below:

(Rs Crore)

Sr. No.	Particulars	FY 2018-19
1	Power Purchase Expenses	11,937.37
2	O & M Expenses	566.85
2.1	Employee Cost	712.19
2.2	Repair & Maintenance Expenses	111.57
2.3	Administration & General Expenses	132.74
2.4	Other Expenses Capitalized	(389.65)
3	Depreciation	864.69
4	Interest & Finance Charges	405.33
5	Interest on Working Capital	-
6	Bad Debts written Off	-
7	**Total Revenue Expenditure**	**13,774.24**
8	Return on Equity	544.74
9	Income Tax	18.96
10	**Aggregate Revenue Requirement**	**14,337.93**
11	Less: Non-Tariff Income	234.07
12	**Aggregate Revenue Requirement**	**14,103.87**

The retail supply tariffs for PGVCL distribution area for FY 2018-19 determined by the Commission are annexed to this Order. This Order shall come into force with effect from the 1st April, 2018. The revised rate shall be applicable for the electricity consumption from the 1st April, 2018 onwards.

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

Place: Gandhinagar

Date: 31/03/2018

ANNEXURE: TARIFF SCHEDULE

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

Effective from 1st April, 2018

GENERAL

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of Distribution Licensees viz. DGVCL, MGVCL, PGVCL and UGVCL.
2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.
3. All these tariffs for power supply are applicable to only one point of supply.
4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.
5. Except in cases where the supply is used for purposes for which a lower tariff is provided in the tariff schedule, the power supplied to any consumer shall be utilized only for the purpose for which supply is taken and as provided for in the tariff.
6. The various provisions of the GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, except Meter Charges, will continue to apply.
7. Conversion of Ratings of electrical appliances and equipments from kilowatt to B.H.P. or vice versa will be done, when necessary, at the rate of 0.746 kilowatt equal to 1 B.H.P.
8. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded off to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).
9. The Connected Load for the purpose of billing will be taken as the maximum load connected during the billing period.
10. The Fixed charges, minimum charges, demand charges, and the slabs of consumption of energy for energy charges mentioned shall not be subject to any adjustment on account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of billing period for any reason.
11. Prompt payment discount on the total bill excluding all types of levies, duties or taxes levied by the Government or any other competent authorities and but including fixed charges, energy charges and minimum charge may be allowed at the 1% rate for all tariff

categories provided that the payment is made within 7 days of presentation of bill and that no previous amount is outstanding as on the date of the bill.

12. Contract Demand shall mean the maximum kW / kVA for the supply of which licensee undertakes to provide facilities to the consumer from time to time.
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 in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.
    - For Government dues, the delayed payment charges will be levied at the rate provided under the relevant Electricity Duty Act.

PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY AT LOW AND MEDIUM VOLTAGE

1. RATE: RGP

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

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

1.1 FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

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

For BPL Household Consumers:

Fixed charges	Rs. 5/- per month

PLUS

1.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

(OTHER THAN BPL CONSUMERS)

(a)	First 50 units	305 Paise per Unit
(b)	Next 50 units	350 Paise per Unit
(c)	Next 100 units	415 Paise per Unit
(d)	Next 50 units	425 Paise per Unit
(e)	Above 250 units	520 Paise per Unit

1.3 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

FOR THE CONSUMER BELOW POVERTY LINE (BPL)**

(a)	First 30 units	150 Paise per Unit

(b)	For remaining units	Rate as per RGP

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

1.4 MINIMUM BILL

Payment of fixed charges as specified in 1.1 above.

2. RATE: RGP (RURAL)

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

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

2.1 FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

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

For BPL Household Consumers:

Fixed charges	Rs. 5/- per month

PLUS

2.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

(OTHER THAN BPL CONSUMERS)

(a)	First 50 units	265 Paise per Unit
(b)	Next 50 units	310 Paise per Unit
(c)	Next 100 units	375 Paise per Unit

(d)	Next 50 units	385 Paise per Unit
(e)	Above 250 units	490 Paise per Unit

2.3 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

FOR THE CONSUMER BELOW POVERTY LINE (BPL) **

(a)	First 30 units	150 Paise per Unit
(b)	For remaining units	Rate as per RGP (Rural)

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

2.4 MINIMUM BILL:

Payment of fixed charges as specified in 2.1 above.

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

3. RATE: GLP

This tariff is applicable to the educational institutes and other institutions registered with the Charity Commissioner or similarly placed authority designated by the Government of India for such intended purpose and research and development laboratories.

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

4. RATE: NON-RGP

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

4.1 FIXED CHARGES PER MONTH:

(a) First 10 kW of connected load	Rs. 50/- per kW

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

PLUS

4.2 ENERGY CHARGES:

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

4.3 MINIMUM BILL PER INSTALLATION FOR SEASONAL CONSUMERS

(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 at least one month before commencement of billing period about the off-season during which energy consumption, if any, shall be mainly for overhauling of the plant and machinery. The off-season period at any time shall be a full calendar month/months. The total period of the off-season so declared and observed shall be not less than three calendar months in a calendar year.

(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. 1800 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 480 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.

5. RATE: LTMD

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

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

5.1 FIXED CHARGES:

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

PLUS

5.2 ENERGY CHARGES:

For the entire consumption during the month	460 Paise per Unit

PLUS

5.3 REACTIVE ENERGY CHARGES:

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

5.4 BILLING DEMAND

The billing demand shall be highest of the following:

(a) Eighty-five percent of the contract demand

(b) Actual maximum demand registered during the month

(c) 10 kW

5.5 MINIMUM BILL

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

5.6 SEASONAL CONSUMERS TAKING LTMD SUPPLY:

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

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

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

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

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

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

(c) 10kW

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

6. RATE: NON-RGP NIGHT

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

6.1 FIXED CHARGES PER MONTH:

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

PLUS

6.2 ENERGY CHARGES:

For entire consumption during the month	260 Paise per Unit

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 6 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 6 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per Non-RGP category demand charge rates given in para 4.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per Non-RGP category energy charge rates given in para 4.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per Non-RGP category demand charge and energy charge rates given in para 4.1 and 4.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of Non-RGP tariff by using electricity exclusively during night hours as above.*
7. *This option can be exercised to shift from NON-RGP tariff category to NON-RGP NIGHT tariff or from NON-RGP NIGHT tariff category to NON-RGP tariff four times in a calendar year by giving not less than 15 days' advance notice in writing before commencement of billing period.*

7. RATE: LTMD- NIGHT

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

7.1 FIXED CHARGES PER MONTH:

50% of the Fixed charges specified in Rate **LTMD** above.

PLUS

7.2 ENERGY CHARGES:

For entire consumption during the month	260 Paise per Unit

PLUS

7.3 REACTIVE ENERGY CHARGES:

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

NOTE:

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

8. <u>RATE: LTP- LIFT IRRIGATION</u>

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

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

(b)	Energy charges For entire consumption during the month	180 Paise per Unit

9. RATE: WWSP

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

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

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

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

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

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

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

9.4 TIME OF USE DISCOUNT:

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

For energy consumption during the off-peak period, viz., 1100	40 Paise per Unit

Hrs. to 1800 Hrs.	
For energy consumption during night hours, viz., 2200 Hrs. to 0600 Hrs. next day	85 Paise per Unit

10. RATE: AG

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

10.1 The rates for following group are as under:

10.1.1 HP BASED TARIFF:

For entire contracted load	Rs. 200 per HP per month

ALTERNATIVELY

10.1.2 METERED TARIFF:

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

10.1.3 TATKAL SCHEME:

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

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

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

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

metered agricultural tariff.

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

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

11. RATE: SL

11.1 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.

11.1.1 ENERGY CHARGES:

For all the units consumed during the month:	405 Paise per Unit

11.1.2 OPTIONAL KVAH CHARGES:

For all the kVAh units consumed during the month:	305 Paise per Unit

11.1.3 Renewal and Replacements of Lamps:

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

11.1.4 Maintenance other than Replacement of Lamps:

Maintenance of the street lighting conductor provided on pole to connect the street light shall be carried out by Distribution Licensee.

11.2 Tariff for power supply for street lighting purposes to consumers other than the local authorities and industrial estates:

11.2.1 FIXED CHARGES:

Rs. 30 per kW per month

11.2.2 ENERGY CHARGES:

For all units consumed during the month	405 Paise per kWh

11.2.3 Renewal and Replacement of Lamps:

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

11.2.4 Maintenance other than Replacement of Lamps:

Maintenance of the street lighting conductor provided on pole to connect the street light shall be carried out by Distribution Licensee.

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

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

12.1 FIXED CHARGE

Fixed Charge per Installation	Rs. 15 per kW per Day

12.2 ENERGY CHARGE

A flat rate of	465 Paise per Unit

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

13. <u>RATE: LT ELECTRIC VEHICLE (EV) CHARGING STATIONS</u>

This tariff is applicable to consumers who use electricity **<u>exclusively</u>** for Electric Vehicle

Charging installations.

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

13.1 FIXED CHARGES / MONTH:

Fixed Charge	Rs. 25 per installation

13.2 ENERGY CHARGES: FOR THE ENTIRE MONTHLY CONSUMPTION

ENERGY CHARGE	410 Paise per Unit

PART - II

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

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

14. 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.

14.1 DEMAND CHARGES:

14.1.1 For billing demand up to contract demand

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

14.1.2 For Billing Demand in Excess of Contract Demand

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

PLUS

14.2 ENERGY CHARGES

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

PLUS

14.3 TIME OF USE CHARGES:

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

14.4 BILLING DEMAND:

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

14.5 MINIMUM BILLS:

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

14.6 POWER FACTOR ADJUSTMENT CHARGES:

14.6.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges”, arrived at using tariff as per para 14.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 14.2 of this schedule, will be charged.

14.6.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 14.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

14.7 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.

14.8 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.

14.9 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%

14.10 CONCESSION FOR USE OF ELECTRICITY DURING NIGHT HOURS:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning shall be eligible for concession at the rate of 40 Paise per unit.

14.11 SEASONAL CONSUMERS TAKING HT SUPPLY:

14.11.1 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.

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

14.11.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub-clause 14.11.1 above and complying with provisions stipulated under sub-clause 14.11.2 above shall be Rs. 4550 per annum per kVA of the billing demand.

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

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

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

(c) One hundred kVA.

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

14.11.6 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.

15. RATE HTP-II

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

15.1 DEMAND CHARGES:

15.1.1 For billing demand up to contract demand

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

15.1.2 For billing demand in excess of contract demand

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

PLUS

15.2 ENERGY CHARGES:

For entire consumption during the month		
(b)	Up to 500 kVA of billing demand	435 Paise per Unit
(c)	For billing demand above 500 kVA and up to 2500 kVA	455 Paise per Unit

(d)	For billing demand above 2500 kVA	465 Paise per Unit

PLUS

15.3 TIME OF USE CHARGES:

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

15.4	Billing demand	Same as per HTP-I Tariff
15.5	Minimum bill	
15.6	Maximum demand and its measurement	
15.7	Contract Demand	
15.8	Rebate for supply at EHV	
15.9	Concession for use of electricity during night hours	

15.10 POWER FACTOR ADJUSTMENT CHARGES:

15.10.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 15.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 15.2 of this schedule, will be charged.

15.10.2 Power Factor Rebate:

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 15.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

16. 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.

16.1 DEMAND CHARGES:

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

PLUS

16.2 ENERGY CHARGES:

For all units consumed during the month	660 Paise/Unit

PLUS

16.3 TIME OF USE CHARGES:

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

16.4 Billing demand **16.5 Minimum bill** **16.6 Maximum demand and its measurement** **16.7 Contract Demand** **16.8 Rebate for supply at EHV**	Same as per HTP-I Tariff

16.9 POWER FACTOR ADJUSTMENT CHARGES:

16.9.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 16.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para

16.2 of this schedule, will be charged.

16.9.2 Power Factor Rebate:

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 16.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

17 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.

17.1 DEMAND CHARGES:

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

PLUS

17.2 ENERGY CHARGES:

For all units consumed during the month	225 Paise per Unit

17.3 Billing demand
17.4 Minimum bill
17.5 Maximum demand and its measurement
17.6 Contract Demand
17.7 Rebate for supply at EHV

Same as per HTP-I Tariff

17.8 POWER FACTOR ADJUSTMENT CHARGES:

17.8.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 17.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 17.2 of this schedule, will be charged.

17.8.2 Power Factor Rebate:

If the power factor of the consumer’s installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 17.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 16 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 16 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTP-I category demand charge rates given in para 14.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTP-I category energy charge rates given in para 14.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per HTP-I category demand charge and energy charge rates given in para 14.1 and 14.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of HTP-I tariff by using electricity exclusively during night hours as above.*
7. *This option can be exercised to shift from HTP-I tariff category to HTP-IV tariff or from HTP-IV tariff category to HTP-I tariff four times in a calendar year by giving not less than 15 days’ advance notice in writing before commencement of billing period*

18 RATE: HTP- V

HT - Agricultural (for HT Lift Irrigation scheme only)

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

18.1 DEMAND CHARGES:

Demand Charges Rs. 25 per kVA per month

PLUS

18.2 ENERGY CHARGES:

For all units consumed during the month	180 Paise per Unit

18.3 Billing demand	Same as per HTP-I Tariff
18.4 Minimum bill	
18.5 Maximum demand and its measurement	
18.6 Contract Demand	
18.7 Rebate for supply at EHV	

18.8 POWER FACTOR ADJUSTMENT CHARGES:

18.8.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 18.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 18.2 of this schedule, will be charged.

18.8.2 Power Factor Rebate:

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 18.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

19 RATE: RAILWAY TRACTION

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

19.1 DEMAND CHARGES:

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

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

Normal Demand Charges will also apply in case of bunching of trains. However, Discoms shall charge excess demand charges while raising the bills and Railways have to give convincing details and documentary proof of bunching of trains if they want to be charged at the normal demand charges. If satisfactory proof of bunching of trains is provided, Discom shall consider that occasion for normal demand charges, otherwise excess demand charges will be applicable specified as above at 19.1 (b).

PLUS

19.2 ENERGY CHARGES:

For all units consumed during the month	500 Paise per Unit

19.3 Billing demand **19.4 Minimum bill** **19.5 Maximum demand and its measurement** **19.6 Contract Demand**	Same as per HTP-I Tariff

19.7 Rebate for supply at EHV

19.8 POWER FACTOR ADJUSTMENT CHARGES:

19.8.1 Penalty for poor Power Factor:

(a) The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges", arrived at using tariff as per para 19.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.

(b) In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 19.2 of this schedule, will be charged.

19.8.2 Power Factor Rebate:

If the power factor of the consumer's installation in any month is above 95%, the consumer will be entitled to a rebate at the rate of 0.5% (half percent) in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 19.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

20 RATE: HT ELECTRIC VEHICLE (EV) CHARGING STATIONS

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

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

20.1 DEMAND CHARGES:

For billing demand up to contract demand	Rs. 25/- per kVA per Month
For billing demand in excess of contract demand	Rs. 50/- per kVA per Month

PLUS

20.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION

ENERGY CHARGE	400 Paise per Unit

20.3 BILLING DEMAND:

The billing demand shall be the highest of the following:

(a) Actual maximum demand established during the month

(b) Eighty-five percent of the contract demand

(c) One hundred kVA