GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2014-15,

Approval of Provisional ARR for FY 2016-17 and

Determination of Tariff for FY 2016-17

For

Torrent Power Limited – Distribution Ahmedabad

Case No. 1552 of 2015

31st March, 2016

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GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2011-12 to FY 2016-17
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
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
MTR	Mid-term Review
MUs	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations and Maintenance
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
RLDC	Regional Load Despatch Centre
SBI	State Bank of India
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre

Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1552 of 2015

Date of the Order: 31/03/2016

CORAM

Shri K. M. Shringarpure, Member

Shri P. J. Thakkar, Member

ORDER

1. Background and Brief History

1.1 Background

Torrent Power Limited (hereinafter referred to as 'TPL' or the 'Petitioner') has filed a Petition under Section 62 of the Electricity Act, 2003, read in conjunction with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, for the True-up for FY 2014-15, and determination of tariff for distribution business in Ahmedabad and Gandhinagar areas for the FY 2016-17 on 23rd December, 2015.

The Commission admitted the petition on 28th December, 2015.

1.2 Torrent Power Limited (TPL)

Torrent Power Limited (TPL) is a company incorporated under the Companies Act, 1956 and is carrying on the business of Generation and Distribution of Electricity in the cities of Ahmedabad, Gandhinagar and Surat. The present petition has been filed by TPL for its distribution business in Ahmedabad and Gandhinagar. TPL had taken over the business, consequent to the amalgamation of Torrent Power Ahmedabad Limited (TPAL), Torrent Power Surat Limited (TPSL) and Torrent Power Generation Limited (TPGL) with Torrent Power Limited. Besides, TPL is also engaged in other businesses, which do not come under the regulatory purview of the Commission.

TPAL was a licensee under the Indian Electricity Act, 1910. Torrent Power Limited is a deemed licensee for distribution of electricity under Section 19 (i) (d) read in conjunction with Section 19 (1) (i) of the Gujarat Electricity Industry (Reorganisation and Regularisation) Act, 2003 and Section 14 of the Electricity Act, 2003. The Commission had granted approval for transfer / assignment of license to Torrent Power AEC Limited to incorporate the name of TPL as a licensee in place of TPAL, without change of any terms and conditions of the license.

The approval of the Commission was subject to the order and direction of the Hon'ble High Court of Gujarat on the scheme of amalgamation / merger of TPAL, TPSL and TPGL and TPL. The scheme of amalgamation was approved by the Hon'ble High Court of Gujarat, vide its Order dated 11th September, 2006.

1.3 Commission's Order for the Second Control Period

TPL filed its petition under the Multi-Year Tariff for the control period FY 2012-13 to FY 2016-17 on 24th February, 2011, in accordance with Gujarat Electricity Regulatory Commission (Multi-Year Tariff Framework) Regulations, 2007 notified by the Commission.

The Commission issued the new MYT Regulations, notified as GERC (Multi-Year Tariff) Regulations, 2011 on 22nd March, 2011.

Regulation 1.4 (a) of GERC (Multi-Year Tariff) Regulations, 2011 reads as under:

> *"These Regulations shall be applicable for determination of tariff in all cases covered under these Regulations from 1st April, 2011 and onwards."*

The Commission, in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in this behalf, and after taking into consideration the submissions made by TPL, the objections by various stakeholders, response of TPL, issues raised during the public hearing and all other relevant material, issued the Multi-Year Tariff order on 6th September, 2011 for the control period comprising FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16, based on the GERC (MYT) Regulations, 2011. The Commission issued orders for Truing up for FY 2011-12 and Tariff for FY 2013-14 on 16th April, 2013.

1.4 Commission's Orders for Mid-term Review of Business plan for TPL

TPL filed its Petition for Mid-term Review of Business Plan and revision of ARR for balance years for FY 2014-15 and FY 2015-16 of the control period in terms of Regulation 16.2 (i) of GERC (MYT) Regulations, 2011.

The Commission in exercise of the powers vested in it under Sections 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in this behalf and after taking into consideration the submission made by TPL, the objections by various stakeholders, response of TPL, issues raised during public hearing and all other relevant material, approved the revised ARR for FY 2014-15 and FY 2015-16 in the Mid-term Review of Business Plan for TPL on 29th April, 2014.

The Commission issued the order for truing up for FY 2012-13 and determination of Tariff for FY 2014-15 on 29th April, 2014.

The Commission issued the order for truing up for FY 2013-14 and determination of Tariff for FY 2015-16 on 31st March, 2015.

1.5 Background for the present petition

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 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 is 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 this order for Commission's consideration and decision.

TPL has accordingly filed the Petition for True-Up for FY 2014-15 and Approval of provisional Tariff for FY 2016-17 with the Commission for approval.

1.6 Admission of the Current Petition and Public Hearing Process

TPL submitted the current petition for 'Truing up' of FY 2014-15 and determination of tariff for FY 2016-17 on 23rd December, 2015. The Commission admitted the Petition (Case No. 1552/2015) on 28th December, 2015.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed TPL to publish its application in an abridged form to ensure public participation. The Public Notice, inviting objections / suggestions from its stakeholders on the ARR petition filed by it, was published in the following newspapers on 29th December, 2015.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	The Times of India (Ahmedabad Edition)	English	29/12/2015
2	Sandesh (Ahmedabad Edition)	Gujarati	29/12/2015
3	Gujarat Samachar (Ahmedabad Edition)	Gujarati	29/12/2015
4	Divya Bhaskar (Ahmedabad Edition)	Gujarati	29/12/2015
5	NavGujarat Samay (Ahmedabad Edition)	Gujarati	29/12/2015

The Petitioner also placed the public notice and the Petition on its website (www.torrentpower.com) for inviting objections and suggestions on the Petition.

The interested parties / stakeholders were asked to file their objections / suggestions on the petition on or before 28th January, 2016.

The Commission received objections / suggestions from 8 consumers / consumer organizations. The Commission examined the objections / suggestions received and scheduled a public hearing on 17th February, 2016 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 Commission's Office in Gandhinagar on the above date.

The names of the stakeholders who filed their objections and the objectors who participated in the public hearing for presenting their objections are given below:

Sl. No.	Name of Stakeholders	Participated in the Public Hearing
1.	Akhil Gujarat Grahak Sewa Kendra	No
2.	Shri H.J. Patel	No
3.	Shri Vijay Patel	No
4.	Consumer Education and Research Society (CERS)	Yes
5.	Laghu Udyog Bharati - Gujarat	Yes
6.	Bharatiya Samyawadi Paksh (Markswadi) - Mansukhbhai Nanjibhai Khorasiya	Yes
7.	Utility Users' Welfare Association (UUWA)	Yes
8.	Gujarat Chamber of Commerce & Industry	Yes

Apart from above, Shri R. G. Tillan was also present during the hearing and made his representation.

A note on the main issues raised by the objectors in the submissions with respect to the petition along with the response of TPL-D (A) and the Commission's views on the response are given in Chapter 3.

1.7 Contents of this order

The order is divided into nine chapters as under:

1. The **first** chapter provides a brief background regarding the Petitioner, the petition on hand and details of the public hearing process and the approach adopted in this Order.
2. The **second** chapter outlines the summary of TPL's petition.
3. The **third** chapter deals with the public hearing process, including the objections raised by various stakeholders, TPL's response and Commission's views on the response.
4. The **fourth** chapter focuses on the details of truing up for FY 2014-15.
5. The **fifth** chapter deals with the determination of tariff for FY 2016-17.
6. The **sixth** chapter deals with compliance of directives and issue of fresh directives.
7. The **seventh** chapter deals with the FPPPA charges.
8. The **eighth** chapter outlines the wheeling charges and cross-subsidy surcharge.
9. The **ninth** chapter deals with the tariff philosophy and tariff proposals.

1.8 Approach of this Order

The GERC (MYT) Regulations, 2011, provide for truing up of the previous year, and determination of tariff for the ensuing year. The Commission has approved the ARR for the second control period from FY 2011-12 to FY 2015-16, in the MYT order dated 6th September, 2011.

TPL has approached the Commission with the present Petition for "Truing up" for the FY 2014-15 and determination of tariff for the FY 2016-17, under GERC (MYT) Regulations, 2011.

The Commission has undertaken truing up for the FY 2014-15, including computation of gains and losses for the FY 2014-15, based on the submissions of the Petitioner and the annual accounts made available by the Petitioner.

While truing up of FY 2014-15, the Commission has been primarily guided by the following principles:

1. Controllable parameters have been considered at the level as approved under the MYT Order, unless the Commission considers that there are valid reasons for revising the same

2. Uncontrollable parameters have been revised, based on the actual performance observed.

The truing up for the FY 2014-15 has been considered, based on the GERC (MYT) Regulations, 2011. For the determination of the ARR for FY 2016-17, the Commission has considered the ARR approved for FY 2015-16, as approved in the Mid-term Review order dated 29th April, 2014, as provisional ARR for FY 2016-17, in line with the Commission's Order dated 2nd December 2015 in the Suo Motu Petition No. 1534/2015.

2. Summary of TPL's Petition

Torrent Power Limited (TPL) submitted the current Petition, seeking approval of True-up for ARR of FY 2014-15 and determination of tariff for the FY 2016-17. The petitioner has also submitted tariff proposal for FY 2016-17, based on the estimated revenue gap for the FY 2014-15 and provisional ARR of FY 2016-17, as directed by the Commission in order dated 2nd December, 2015 in Suo Motu Petition No. 1534/2015.

2.1 Actuals for FY 2014-15 Submitted by TPL

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

Table 2.1 Actual Claimed by TPL for FY 2014-15

(Rs. Crore)

Particulars	Approved in MTR Order	Actual as per TPL
Power Purchase Cost	3,543.02	3,758.30
O&M Expenses	229.00	259.40
Depreciation	113.75	114.92
Interest Cost on Long-term Capital Loans	60.40	64.36
Interest on Working Capital	0.00	0.00
Interest on Security Deposit	38.72	37.50
Return on Equity	161.01	157.86
Bad Debts Written off	1.50	4.46
Contingency Reserve	0.60	0.60
Income Tax	0.00	33.25
Less: Non-Tariff Income	88.10	108.68
Annual Revenue Requirement	**4,059.90**	**4,321.97**

2.2 Summary of ARR, Revenue at Existing Tariff and Proposed Revenue Gap

The Table below summarises the proposed ARR claimed by TPL for truing up, revenue from sale of power at the existing tariff and the revenue gap estimated for FY 2014-15.

Table 2.2: True-up ARR claimed by TPL for FY 2014-15

(Rs. Crore)

Particulars		FY 2014-15
ARR as per MTR order	A	4088.81
Gains/(loss) due to Uncontrollable Factors	B	(262.47)
Gains/(loss) due to Controllable Factors	C	29.31
Pass through as tariff	D=(B+1/3rd of C)	252.70
Revised ARR for True-up for FY 2014-15	E=A+D	4341.51

The Table below summarises the Gap/Surplus for Ahmedabad supply area for FY 2014-15.

Table 2.3: Revenue Gap/ (Surplus) for Ahmedabad Supply Area for FY 2014-15

(Rs. Crore)

Particulars	Actuals
Trued-up ARR	**4,341.51**
Revenue from Sale of Energy	4,408.65
Less: Revenue towards recovery of Earlier Years' approved Gap/(Surplus)	587.05
Balance Revenue	**3,821.60**
Gap/ (Surplus)	**519.91**

TPL has requested the Commission to approve the gap of Rs. 519.91 Crore arrived at as part of truing up process and to allow recovery of the same.

2.3 ARR, revenue at existing tariff, revenue gap and tariff proposal for FY 2016-17

In Compliance to order dated 2nd December, 2015 in Suo Motu Petition No. 1534/2015 the Petitioner has considered approved ARR of FY 2015-16 as ARR for FY 2016-17 provisionally till the approval of the final ARR as per the new MYT Regulations. As clarified in the suo-motu order, the true-up of FY 2016-17 is to be carried w.r.t approved ARR for FY 2016-17.

Table 2.4: Revenue Gap of Ahmedabad Supply Area for FY 2016-17

(Rs. Crore)

Particulars	TPL-D (A)
Revised ARR	4527.47
Less: Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	4798.96
Revenue from Open access charges	72.78
Net Gap/(Surplus)	**(344.27)**

TPL has claimed the cumulative revenue gap/(surplus) for FY 2016-17 as detailed in the Table below:

Table 2.5: Cumulative Revenue (Gap)/Surplus for determination of Tariff of Ahmedabad Supply Area for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	TPL-D (A)
1	Gap/ (Surplus) of FY 2014-15	519.91
2	Clarification/ Rectification Order	135.63
3	Carrying Cost	144.44
4	**Gap/ (Surplus) of FY 2016-17**	**(344.27)**
5	**Cumulative Gap/ (Surplus) to be recovered through tariff**	**455.71**

2.4 TPL's Request to the Commission

TPL has requested the Commission to:

a) Admit the petition for true-up of FY 2014-15 and determination of tariff for FY 2016-17.

b) Approve the trued up Gap / (Surplus) of FY 2014-15.

c) Approve the sharing of gains / losses as proposed by the Petitioner for FY 2014-15.

d) Approve the cumulative Gap / (Surplus).

e) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2016.

f) Approve the recovery through retail tariff and "Regulatory Charge" for FY 2016-17.

g) Allow recovery of the costs as per the Judgments of the Tribunal on the Appeals filed by the Petitioner.

h) Allow additions / alterations / changes / modifications to the application at a future date.

i) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding.

j) Allow any other relief, order or direction which the Commission deems fit to be issued.

k) Condone any inadvertent omissions / errors / rounding off difference / shortcomings.

3. Brief outline of objections raised, response from TPL and Commission's view

3.0 Stakeholders' suggestions / objections, Petitioner's Response and Commission's Observation

In response to the public notice inviting objections / suggestions from stakeholders on the Petition filed by TPL for Truing up of FY 2014-15 and determination of Tariff for FY 2016-17 under GERC (MYT) Regulations, 2011, a number of Consumers / organisations filed their objections / suggestions in writing. Some of these objectors participated in the public hearing also. The Commission has addressed the objections / suggestions by the consumer / consumers organisations, the response from the Petitioner and the view of the Commission as given below:

3.1 Tariff Increase

Objection

M/s. Akhil Gujarat Seva Kendra has stated that;

i. the Petitioner has skilfully asked for tariff increase which is illegal; and
ii. TPL is making profit and still asking for increase of Tariff and burdening the consumers.

Response of TPL

The Petitioner has stated that;

i. The allegations of the objector are refuted.
The Petitioner has filed the Petition in line with the provisions of the Act and National Tariff Policy and GERC Regulations. The Petitioner has not proposed any change in Tariff rates for existing Tariff categories but proposed to recover the cumulative gap through "Regulatory Charge" effective from 1st April 2016 to ensure a minimum reduction of at least 5 paise / unit to consumers of Ahmedabad licensed area. The proposal of the Petitioner is in the interest of the stakeholders.

ii. The objector is referring to Annual Reports of TPL. It is to be stated that existing petition and profits shown in Annual Reports are different under different statutes. The Annual Report is prepared as per provisions of

Companies Act 1956 and Accounting Standards duly audited by Statutory Auditors of the Company. Whereas the tariff petition is prepared under various regulations specified by the Commission from time to time. It is not correct to compare financials as per Annual Report of the Company and the data submitted in the petition.

Commission's Observation

The recovery of cumulative gap through "Regulatory Charge" has been examined and appropriate decision has been taken.

3.2 Rate of LTMD Tariff within the State of Gujarat

Objection

Shri H.J. Patel has stated that LTMD Tariff is applicable to services for premises having aggregate load above 40 kW and up to 100 kW. In TPL-Surat it is applicable to the premises having connected load above 15 kW and up to 100 KVA. Similarly, in TPL-Ahmedabad it applies to connected load above 15 kW and up to 100 kW. The billing demand in TPL-Surat is considered as KVA instead of kW in case of LTMD category. The billing demand in KVA is helpful in PF management. If the consumer fails to maintain PF he has to pay demand charges as KVA will be recorded more at low PF. The Commission is requested to streamline the LTMD Tariff in all DISCOMs and TPL-Ahmedabad at par with TPL-Surat as far as fixed charges are concerned for better PF management.

Response of TPL

The existing GERC Supply Code mandates the consumers to maintain the power factor of 0.9. The mechanism for encouraging consumers to maintain a healthy Power Factor is already built in the existing tariff through PF incentive/penalty for all LTMD (load above 15 KW) and HT Consumers. The Petitioner therefore submits that the suggested change in LTMD category for TPL-D (Ahmedabad) is not desirable as it will only add to administrative efforts & costs, without adding any additional benefit as mechanism for PF is already built in the LTMD category.

Further, the Objector's suggestion for specifying uniform fixed charges and billing demand slabs/range is not tenable as the Commission determines the tariff categorization in accordance with the provisions specified in Section 62(3) of the EA, 2003.

Commission's Observation

The suggestion of the stakeholder will be examined and appropriate decision will be taken.

3.3 Billing for two months instead of one month

Objection

Shri Vijay Patel has stated that GERC gives tariff schedule as per monthly usage of electric units. GERC gives unit slab price for monthly usage. DGVCL takes reading at every two months and makes bill every two months.

GERC is requested to give order for two months' slab for residential consumers so that it is easy to calculate their electric bill.

Response of TPL

The Objector has not taken any specific objection towards the petition filed by the Petitioner. The Objector seems to have specific complaint regarding the bill computation by the State DISCOMs. Accordingly, the Objector may seek the redressal of his grievance by approaching the Consumer Grievance Redressal Forum of the licensee or the Ombudsman established by the Commission. The present proceedings are being carried out within the scope and ambit of Part VII of the Electricity Act, 2003.

The Petitioner further submits that tariff determination by the Commission is always on monthly basis. However, the distribution licensee can opt for the monthly or bi-monthly billing period as per the provisions of the GERC Supply Code.

Commission's Observation

The Commission has given Tariff schedule for billing on monthly basis. If any DISCOM bills on bio-monthly basis the billing is adjusted for monthly billing as explained by DISCOMs. It may not make any difference in billing as per approved Tariff.

3.4 Uniform / Separate Tariff

Objection

M/s. Consumer Education and Research Society has stated that;

1. There is single tariff applicable for four Government DISCOMs while two separate tariffs for Torrent Power Ltd at Ahmedabad and Surat. The Commission should follow pattern of Karnataka Electricity Regulatory Commission; which since last two years has introduced separate individual tariff for four DISCOMs of Karnataka to generate competition. It is a fact that good performance of two State Distribution Companies of Gujarat is used to cover the gap due to inefficient operations of other two DISCOMs.

The Commission is requested to introduce separate tariff for the Government DISCOMs to pass on the benefit of the efficient operations to the end consumers.

2. At present following slabs exist in various DISCOMs.

DISCOM	No. of Slabs	Category
TPL-D (A)	3	0-50, 51-200, above 200
TPL-D (S)	5	0-50, 51-100, 101-200, 201-250, above 250
GUVNL DISCOMs	5	0-50, 51-100, 101-200, 201-250, above 250

From above it can be observed that slabs of GUVNL-DISCOMs and TPL-Surat are having five slabs while TPL-Ahmedabad has only three slabs. The Respondent stated that due to latest life style of people and increase in electrical gadgets the monthly consumption of rich people has increased above 400 Units. Therefore, there is urgent need to introduce 4th slab for TPL-Ahmedabad residential consumers as under:

Slab	Units/Month
1	0-50
2	51-200
3	201-400
4	Above 400 Units

CERS therefore requested the Commission to give some relief to consumers with monthly consumption below 200 units by introducing 4th Slab without any financial loss to Petitioner.

Response of TPL

The tariff structure including slab size & rates has been determined based on standard principles of tariff design including the provisions of Tariff Policy. In the present petition, the Petitioner has not proposed any change in the existing tariff structure. Hence, the Petitioner submits that the suggestion can be considered in future while carrying out tariff structure rationalization.

Commission's Observation

The Petitioner is advised to submit future tariff petition proposing tariff structure rationalization keeping in view the provisions of Tariff Policy and other socio-economic aspects.

3.5 Revenue Gap for FY 2016-17

Objection

M/s. CERS has stated that the Petitioner has proposed recovery of cumulative gap of Rs. 634.44 Crore for FY 2016-17 through "Regulatory Charge" which shall be included in FPPPA charges with a maximum limit of Rs. 1.93 Per unit. This will give relief of 5 Paise/Unit to consumers if approved by the Commission. The Respondent understands that any delay in recovery of gap will ultimately burden the consumers by way of carrying cost. Therefore, the Respondent requested the Commission to accept the proposal of the Petitioner of giving relief of 5 paise/unit to the consumers of Ahmedabad and Surat licensee areas subject to prudence check by the Commission

Response of TPL

The Petitioner has proposed to recover the cumulative gap for FY 2016-17 through "Regulatory Charge" instead of seeking tariff increase as it foresees reduction in its power purchase cost primarily due to GoI's appreciable initiative on utilization of gas based power plants. Consequently, there will be reduction in FPPPA charges to be billed to the consumers. It has also proposed to recover the "Regulatory Charge" till such time the aforesaid gap is recovered. This proposal will ensure a minimum reduction of at least 5 paise per unit to the consumers from their current level of billing with a possibility of further reduction if fuel prices reduce even more in FY 2016-17 and hence it is the interest of all stakeholders.

Commission's Observation

The proposal of TPL has been examined and appropriate decision taken.

3.6 Renewable Purchase Obligation (RPO)

Objection

M/s. CERS has stated that the data furnished indicates that the Petitioner has been able to meet RPO for wind energy by purchasing REC but has failed to meet RPO for solar energy. There is negligible shortfall in RPO. The Commission is therefore requested to approve actual RPO without putting any kind of burden on consumers. The Petitioner has already set its own solar plant of 50 MW to fulfil its solar RPO.

Response of TPL

The Petitioner has submitted that it has made all efforts to fulfil its RPO including establishing its own solar power project during FY 2014-15 and purchasing non-solar REC's to the tune of 615 MUs. However, due to reasons beyond the control of the Petitioner, it has not been able to fulfil its RPO for FY 2014-15. It may be noted that the Petitioner has already filed the petition on the subject matter vide Petition No. 1536 of 2015. The matter is reserved for the Order.

Commission's Observation

Decision will be taken in the relevant petition filed by the Petitioner.

3.7 Bad debts

Objection

M/s. CERS has stated that there are high bad debts at Ahmedabad than approved by the Commission. The petitioner should be directed to make all efforts to recover bad debts from the defaulters and should not burden the honest consumers.

Response of TPL

The Petitioner is making all efforts to recover all outstanding dues from the defaulters in line with the provisions of the Act and the Regulations as the bad debt is treated as a controllable item of expense in ARR.

Commission's Observation

The Petitioner shall take action to recover all the bad debts by taking appropriate action against defaulters.

3.8 Provisional ARR of FY 2016-17

Objection

M/s. CERS has stated that the Petitioner has considered the ARR for FY 2016-17 as per approved ARR of FY 2015-16 provisionally. It can be observed that Petitioner is having surplus for 2016-17 with provisional ARR.

Response of TPL

The ARR of FY 2016-17 has been submitted on provisional basis as per approved ARR of FY 2015-16 in accordance with the order of the Commission in Suo Motu Petition No. 1534 of 2015. As per the said order, the Petitioner is required to submit the estimates of ARR for the entire control period including FY 2016-17 for approval of the Commission upon the notification of the MYT Regulations for the new control period.

Commission's Observation

The petition is filed by the Petitioner as per the decision of the Commission.

3.9 True-up for FY 2014-15

Objection

M/s. Laghu Udyog Bharati has stated as follows;

a. **Money Transfer**

   What is the H.O adjustment, which is taken away and shown in note-2 of annual report consisting of various parameters such as service line charges, grant in aid and surplus in the statement of profit and loss. Take away money to show ARR gap for enhancing Power Purchase cost.

b. **Power Purchase Cost**

   The Net power purchase cost rise is from Rs. 4059.90 Crore to Rs. 4321.97 Crore. The difference is Rs. 261.27 Crore i.e. 6.44 % rise over approved ARR. Why GERC is not apprised at the time of enhanced power purchase cost, the details of power purchase quantity and finance paid supplier wise not shown in ARR or annual accounts. PPA is not disclosed by TPL Ahmedabad and hence there is no way to know how much power was purchased from each supplier and at what cost.

c. **Non-Tariff Income**

The action of Torrent Power Ahmedabad is that: "There is no regulator at all". We say that this is the adjustment of loot made by TPL-D Ahmedabad.

Net revenue from operations and other income is shown as Rs. 4520.53 Crore + 37.25 Crore = Rs. 4557.78 Crore power purchase cost with expenses is considered as Rs. 4548.24 Crore. From the submissions of TPL D Ahmedabad it is felt that for TPL-D Ahmedabad GERC is non-existent otherwise they could have not been able to apply for enhancement of ARR true-up from Rs. 4059.90 to Rs. 4321.97 Crore with net revenue income as per annual report is Rs. 4557.78 Crore as per annual accounts and P&L statement.

d. **Treatment of Reserve and Surplus**

Detailed accounting of reserve and surplus is not available and in the current year it is Rs. 55.51 Crore. The reserve and surplus is Rs. 485 Crore what is the treatment of Reserve and surplus.

e. **Current assets**

Why the amount of Rs. 750.92 Crore of current assets is not shown in ARR as per Regulation 99 of GERC (MYT) Regulations, 2011.

Interest and finance charges

Table 19 of annual account shows Finance Charges at Rs. 83 Crore for long term borrowings, while Table 16 of ARR shows the same as Rs. 64.36 Crore.

A sum of Rs. 1029 Crore (depreciation sum) is available for expenses on which finance charges and interest on working capital is accounted in ARR. Depreciation sum available is adjusted against interest is Rs. 121.57 Crore. Hence no interest/finance charges of any type must be applicable.

f. **Tariff proposals for FY 2016-17**

In the light of surplus available for TPL-D (A) tariff are required to be reduced.

Response of TPL

The Petitioner has submitted as under on the above issues;

a. The required information of arriving at ARR and corresponding Gap / (Surplus) has been provided in the petition in accordance with the GERC (MYT)

Regulations, 2011. Further Statement of Accounts consisting of the Balance Sheet, P&L Account and Cash-Flow Statement is prepared in accordance with the provisions of the Companies Act, 2013.

b. The Petitioner has taken necessary approval for purchase of power from the identified sources. The Petitioner submits that the variation in cost & quantity from the approved level is beyond its control. Further, the Petitioner is making all efforts to source power at competitive rate but the cost of power purchase depends upon various factors including quantum, period and market conditions. The source-wise quantum and cost for power purchase has been furnished in the petition.

c. The Petitioner has provided all the required information in accordance with the GERC (MYT) Regulations, 2011.

d. & e. The Petitioner has provided all the required information for arriving at ARR and corresponding Gap / (Surplus) in the petition in accordance with the GERC (MYT) Regulations, 2011.

f. ARR is to be arrived at as per the provisions of the GERC (MYT) Regulations, 2011. The Petitioner has provided all the required information for arriving at ARR and corresponding Gap / (Surplus) in the petition.

g. The Petitioner has considered the interest expenses in accordance with provisions of the GERC (MYT) Regulations, 2011. Further the depreciation has been considered as repayment of loan in accordance within provisions of GERC (MYT) Regulations, 2011.

h. The Petitioner has computed the ARR and arrived at the Gap in accordance with the provisions of the GERC (MYT) Regulations, 2011.

Commission's Observation

The true-up petition filed by the Petitioner as per the provisions of GERC (MYT) Regulations, 2011 is examined with reference to these Regulations and Annual Accounts submitted by the Petitioner to arrive at and the gains/loss.

3.10 Cost of raw material

Objection

M/s. Bharatiya Samyawadi Paksh (Markswadi) has stated that;

i. the cost of raw material used, like gas and coal, for producing power is less. So there is need to reduce Tariff;

ii. Though TPL is making profit, still it is increasing Tariff to burden consumers.

iii. Meter rent should be abolished.

Response of TPL

The Petitioner has stated as under to the above issues;

i. While the prices of Coal and Gas have been reduced recently in the international markets, it is to be noted that present petition pertains to truing up of FY 2014-15 and during the financial year 2014-15, the prices of indigenous coal and railway freight had increased. Further the Petitioner has not proposed any change in tariff rates of existing tariff categories but proposed to recover the cumulative gap through “Regulatory Charge” effective from 1st April, 2016. This will result in a minimum reduction of at least 5 paise per unit on the amount billed to the consumers. Hence, the Petitioner’s proposal is in the interest of all stakeholders.

ii. The existing petition and the profits shown in the Quarterly/ Annual Reports are compiled under different statutes. The Quarterly/ Annual Report is prepared as per provisions of the Companies Act, 1956 and in accordance with Accounting Standards duly audited by Statutory Auditors of the Company. Whilst the Tariff Petition is prepared in accordance with the various Regulations specified by the Commission from time to time. The Quarterly / Annual Report pertains to the whole Company which includes the regulated and non-regulated businesses. The petition relates only to the regulated business of the Petitioner. Thus, it is not correct to compare financials as per Quarterly / Annual Report of Company and the data submitted in the petition. The quarterly / annual report includes aspects relating unregulated business.

iii. The Petitioner recovers the meter rent in line with the provisions of the GERC (Licensee’s Power to Recover Expenditure incurred in providing supply and other Miscellaneous Charges) Regulations, 2005 and the Electricity Act, 2003. The income received from the consumers towards the meter rent is considered in truing up of ARR.

Commission's Observation

The true-up petition filed by the Petitioner as per the provisions of GERC (MYT) Regulations, 2011 is examined with reference to these Regulations and Annual Accounts submitted by the Petitioner to arrive at and the gains/loss.

3.11 Passing of distribution loss to consumers

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that efficiency improvement by the Petitioner in terms of reduction in distribution losses has not been passed on to the consumers in terms of tariff.

Response of TPL

The Petitioner submitted that the gains on account of reduction in distribution losses have been passed on to the consumers as per the orders of the Commission under the applicable Regulations.

Commission's Observation

The gains due to reduction in distribution loss is passed on to the consumers as provided under the GERC (MYT) Regulations, 2011.

3.12 Tariff for commercial and industrial undertakings

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that in the case of Government Distribution companies, the tariff for commercial and industrial undertaking is comparatively lower than the tariff in the Petitioner's area disregarding the higher distribution losses despite vast area and large proportion of agriculture consumer mix.

Response of TPL

The Petitioner submitted that such comparison is uncalled for on account of certain basic differences i.e. network configuration, allocation of power from Central Sector and reduction in gas availability to the Petitioner's gas generating stations. Regarding the consumer mix having Agriculture consumption, it may be noted that the State DISCOMs get compensated by way of subsidy. The reliability and quality of power for the entire license area is also not comparable. Therefore, such tariff comparison is not appropriate.

Commission's Observation

The comparison is not appropriate. The expenses (ARR) depend on the sources of power purchase by the DISCOMs. The Commission approved the tariff for State Owned and private DISCOMs based on the approved ARR and gap/surplus.

3.13 Purchase from SUGEN

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that it is strange that TPL has not been placing the full particulars of payment made to SUGEN for purchase of power towards fixed and variable cost separately. Even more strangely, the Commission has approved total power purchase cost from SUGEN without approving in terms of variable and fixed cost separately unlike government utilities wherein the Commission used to approve source wise fixed and variable cost.

The Commission is requested to ask TPL to provide the information related to tariff determined / modified by CERC vis-a-vis time to time payment made to SUGEN for purchase of power.

In absence of particulars pertaining to fixed cost paid to SUGEN by TPL-D separately, it is not possible to ascertain as to whether only approved fixed cost of SUGEN in proportion to capacity tied up with TPL-D is paid or the entire fixed cost is recovered from TPL-D along with recovery of fixed cost from MP state. Therefore, the Commission is requested to undertake due diligence while approving power purchase cost of SUGEN.

Response of TPL

The cost of SUGEN has been considered as approved by the Hon'ble CERC in its orders related to SUGEN. The Petitioner would like to clarify that it pays the fixed cost only for the capacity contracted for purchase of power from SUGEN.

The Petitioner further submits that all the relevant information for the present proceedings have been provided for in accordance with the GERC (MYT) Regulations, 2011.

Commission's Observation

As stated by the Petitioner, the cost of SUGEN Project and the tariff for SUGEN is approved by CERC. The tariffs approved by CERC are considered by the Commission in arriving at power purchase cost.

3.14 Profits

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that in the audited account TPL has shown Profit before Tax as Rs. 1190 Crore for FY 2014-15. Further, as per standalone account of profit for TPL-D (A) & (S) it is Rs. 9.5 Crore and Rs. 29.83 Crore, respectively. Meaning thereby, generation business has earned profit by Rs. 1150 Crore. This itself shows that generation of TPL is overcharging customers of Ahmedabad and making huge profit.

Response of TPL

The Petitioner would like to clarify that the profit shown in the Statement of Accounts can no way be related to the present Petition since the existing petition and the Annual Reports are prepared under different statutes. Annual Report is prepared as per provisions of the Companies Act, 2013 for the entire company for all businesses and in accordance with Accounting Standards duly audited by Statutory Auditors of the Company. While the Tariff Petition is prepared in accordance with the various regulations specified by the Commission from time to time. Annual Accounts pertain to the Petitioner's entire business including regulated and non-regulated businesses while the petition is only related to the regulated business of the Petitioner. Thus, it is not correct to compare financials as per annual accounts of the company and the ARR petition filed by the Company.

Commission's Observation

The Petition filed is for regulated business as per GERC (MYT) Regulations, 2011 and the same is examined with detailed scrutiny of relevant documents.

3.15 Payment of power bills – Apportionment of Power Purchase Cost

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that in the State of Gujarat, Intra-State ABT has been implemented and therefore, the data of actual scheduling of power to respective license areas and source-wise purchase of power on schedule basis is available. Therefore, payments for power purchase shall be based on the total scheduled power during the month from the respective sources, as reflected in State Energy Accounts (SEA) and its rate by Ahmedabad and Surat licensee area separately. Therefore, there cannot be any issue of apportioning power purchase cost between Ahmedabad and Surat on whatsoever basis. In case of Government Distribution Companies, the Commission has specifically approved bulk supply tariff rate for apportionment of power purchase cost amongst these Government Companies. However, such liberty is not available for TPL-D.

The Commission is requested to direct the TPL to submit the information in relation to source-wise scheduled energy and payment made against such purchase separately for Ahmedabad and Surat area and consider such payment on the basis of scheduled energy as power purchase cost of respective licensee.

Response of TPL

The apprehension of the Objector is misplaced. The Commission approves the total power purchase cost for Ahmedabad / Gandhinagar and Surat Supply Areas collectively. The aforesaid power purchase cost is then allocated between the areas based on their actual energy requirement for the year. Thus, the question of one area subsidising another does not arise. It may be noted that collective power purchase helps to reduce the overall cost including reduction of risk due to diversification of sources. It may kindly be noted that it does not result in any extra recovery to TPL-D.

Commission's Observation

The power is purchased in bulk for Ahmedabad and Surat and the purchase is approved by the Commission after due verification and the costs are apportioned between Ahmedabad and Surat based on the demand of each company.

3.16 FPPPA and "Regulatory Charge"

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that The Commission through Mid-term Review Order dated 29.04.2014, approved Power Purchase Cost of TPL-D (A) as a part of ARR for 2014-15. Further, TPL-D has also recovered FPPPA charges towards incremental actual power purchase cost during the year. Any under recovery of FPPPA charges (i.e. difference between recoverable and recovered FPPPA) shall be reflected as a part of aggregate gap in True-up exercise as per provisions of MYT Regulations and the same is proposed to be recovered during FY 2016-17 as a part of ARR. However, it is also observed that TPL has continued to recover the unrecovered FPPPA of FY 2014-15 in the FY 2015-16 which led to double charging of unrecovered FPPPA during FY 2015-16 as well as FY 2016-17 as a part of carried forward gap of FY 2014-15.

It is requested to make fuel surcharge calculation public and also to bring transparency.

Response of TPL

The Commission allows variation in power purchase cost through the FPPPA formula as per provisions of the Electricity Act, 2003. The Petitioner recovers FPPPA charges in accordance with the approval and such recovery is subject to truing up by the Commission. It may kindly be noted that any resultant Gap / (Surplus) then gets adjusted in the ensuing year's tariff upon truing up. The Petitioner would therefore like to submit that there is no double recovery of FPPPA as apprehended by the Objector.

Commission's Observation

The Petitioner has clarified in his response as to how the FPPPA is claimed and realized from the consumers, which is self-explanatory.

3.17 O&M Expenses

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that TPL has submitted that actual O&M expenses for FY 2014-15 as Rs. 259.40 Crore against approved O&M expense of Rs. 229 Crore. Further, it is stated that the increase of

Rs. 30 Crore is attributable to provision of wage revision. In this regard, it is submitted that the statement made by TPL is misleading, as in para 3.28 of the Petition, it is stated the wage settlement concluded and total impact of wage settlement crystallized during 2015-16 only. Further, TPL has conveniently not provided particulars showing sub-head wise actual O&M expenses i.e. A&G expense, R&M expense & employee cost vis-a-vis approved cost. In absence of such details, it is hard to believe that entire increase in O&M expense is attributable to employee cost. The Commission is requested to restrict O&M cost to the approved level.

Response of TPL

The O&M expenses have increased mainly due to provision for Wage revision which was Rs. 12 Crore each for FY 2013-14 and FY 2014-15. The Wage settlement has been carried out in FY 2015-16. In the present Petition, the Petitioner has requested the Commission to treat the variation in O&M expenses as controllable. The same is in line with the provisions of the GERC (MYT) Regulations, 2011. The Petitioner also submitted that provision of O&M Expenses is in line with the MYT approved O&M expense.

Commission's Observation

The claim for O&M expenses is in line with the GERC (MYT) Regulations, 2011 and is approved on detailed scrutiny and prudence check.

3.18 Capital Expenditure

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that Capital Expenses of Rs 285 Crore incurred by TPL-D (A) is higher than approved value of Rs. 279 Crore. Further, TPL has requested to consider such increase as uncontrollable.

The Commission is requested to ascertain whether increase in Capital Expenditure is on account of time / cost overrun or not. In case, increase in expenditure is on account of cost or time overrun, the same may be treated as controllable and appropriate treatment on relevant parameters such as interest on loan, depreciation, Return on Equity may be given accordingly.

Response of TPL

The Petitioner submitted that all the requisite information regarding major variation in the actual expenditure against the approved expenditure is already provided in the Petition. The Commission may carry out due diligence before approving the variation in capital expenditure.

Commission's Observation

The capital costs are approved by the Commission after detailed scrutiny and as per Regulations of the Commission.

3.19 Depreciation

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that depreciation has been computed at rates specified in the Appendix III to the CERC tariff regulations. As per Regulations, the rate of depreciation shall be as per the rate specified in the MYT Regulations. It is not understood that when MYT Regulations specifically provide item-wise rate of depreciation it is not clear as to why TPL importing rate from CERC Regulations. The Commission is requested to allow rate of depreciation as per MYT Regulations only. The Commission is requested to ask TPL to submit the details of calculations for the depreciation by applying the rate as provided in MYT Regulations.

Response of TPL

The Petitioner submitted that it has provided the details of depreciation in the petition. The same does not amount to any higher recovery of depreciation and has no negative implication on the consumers.

Commission's Observation

The depreciation is approved as per GERC (MYT) Regulations, 2011.

3.20 Return on Equity

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that TPL has considered normative equity at Debt Equity ratio of 70:30 for addition to GFA without giving any proof / particulars in relation to actual infusion of equity for funding the additional assets. Further, TPL has been adopting such approach of considering normative equity infusion since many years disregarding the level of actual equity infusion.

Since, equity is a perpetual debt carrying higher rate of return and to be serviced for the entire life of the asset, the Regulations provides that where equity employed is more than 30%, the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as loan. Where actual equity employed is less than 30%, the actual equity shall be considered.

The Commission is requested to call upon TPL to submit particulars of actual equity infusion including for the past period and reconcile the statement of actual equity infusion in place of normative equity and allow Return on Equity based on such actual equity infusion of the amount.

Response of TPL

The Petitioner strongly refuted all allegations and submitted that it has calculated return on the equity as per the provisions of the GERC (MYT) Regulations, 2011.

Commission's Observation

The return is claimed on normative equity considering assets capitalization as per GERC (MYT) Regulations, 2011.

3.21 Income Tax

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that for FY 2014-15, GERC did not approve any income tax. However, in the present petition, TPL has claimed income tax amount of Rs. 33.25 Crore towards income tax without placing any proof of actual payment of income tax. The MYT Regulations is absolutely clear that actual paid tax is only to be allowed as a pass through. The Commission is requested to seek the details of payment of actual tax paid and allow the income tax based on actual payment after prudent check.

Response of TPL

The Petitioner would like to submit that it has claimed the Income Tax for FY 2014-15 by apportioning the actual amount of tax paid in respect of the PBT as per audited accounts.

Commission's Observation

Income Tax is allowed only after due verification of actual tax paid pro-rated to the PBT of respective regulated business with the PBT of TPL as a whole.

3.22 Carrying Cost

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that;

i. TPL failed to demonstrate that under which provision of regulations, it has claimed the carrying cost on the gap of previous period. None of the Regulations of MYT Regulations contemplate for allowing of carrying cost. The Commission is requested to allow any carrying cost as per the Regulations.

ii. TPL has claimed carrying cost of Rs. 144 Crore to be recovered from the consumers for FY 2016-17 in name of old period gap from 2008-09 onwards. It is highly objectionable as TPL has neither given any calculation nor given applied interest rate on the amount of gap and no. of days for which carrying cost has been claimed. It seems that TPL want that consumer shall pay such cost without objecting the same. In case the Commission decides to allow carrying cost, the same may be applied only on the eligible gap amount only.

Response of TPL

The Petitioner submitted that the carrying cost on the unrecovered gap is the legitimate claim of the Petitioner to recoup the financial loss incurred due to deferment in recovery of gap. The recovery of carrying cost is the settled position of law. Regarding the calculation of carrying cost, the Petitioner submitted that it has calculated the carrying cost as per the methodology approved by the Commission.

Commission's Observation

The carrying cost is allowed on un-covered gap as per APTEL decisions.

3.23 Wheeling Charges

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that the distribution network cost allocation between consumption at HT and LT voltage level is unrealistic, illogical and not valid.

The wheeling charges arrived by TPL is significantly on higher side for sake of comparison. Transmission Charges of GETCO is Rs. 2785/MW/Day i.e. 12 Paise/Unit. Transmission business involves large scale high value machines and equipment in comparison to distribution business wherein cost of equipment is on lower side. Therefore, wheeling charges which are four times higher than transmission charges seems to be unrealistic and requires prudent check by the Commission.

Response of TPL

The Petitioner has followed the provisions of the GERC (MYT) Regulations, 2011 for segregating its cost between retail and wheeling functions. Further, it may be noted that the methodology adopted by the Petitioner to arrive at the wheeling charges is as approved by the Commission in accordance with the Hon'ble Tribunal Judgement.

Commission's Observation

The wheeling charges are approved by the Commission as per Hon'ble APTEL Judgment after detailed scrutiny.

3.24 Determination of Cross Subsidy Surcharge

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that as contemplated in National Tariff Policy 2006, in case of purchase of costlier power, the avoidable power purchase approach is the appropriate approach for determination of Cross Subsidy Surcharge (CSS). In case of TPL, its costliest power purchase is from SUGEN (25% of total requirement for FY 2014-15) @ Rs. 9.34/Unit. Though fixed cost bifurcation is not disclosed, being a gas based station, the fixed cost may be around Rs. 1.00/Unit. Therefore, Variable cost may be taken as Rs. 8.34/Unit. Accordingly, when open access consumers purchase power from the market, TPL will avoid variable cost of Rs. 8.34/Unit against which tariff for HT consumer is Rs. 7.05/Unit hardly leaving any scope for CSS. The Commission is requested to work out CSS based on formula contemplated in the National Tariff Policy 2006.

In the petition, TPL has proposed working of CSS based on average cost of power purchase approach. However, this approach may not be appropriate specifically in case of TPL wherein it has to procured costliest power @ Rs. 9.34/Unit and OA consumers are opting purchase of power from market. TPL will avoid variable cost of Rs. 8.34/unit which is much more than existing level of cross subsidization.

Response of TPL

The proposal of the Petitioner is in line with the provisions of Section 42 (2) of the EA, 2003. The erstwhile formula specified in the Tariff Policy was not allowing the distribution licensee to recover the correct level of cross subsidization. This aspect has also been appreciated at National level and consequently, the formula to compute CSS has been modified in the amended Tariff Policy, 2016. The Petitioner requested the Commission to allow the recovery of actual level of cross subsidization from the open access consumers.

Commission's Observation

The cross subsidy is allowed as per formula provided in Tariff Policy.

3.25 Recovery of "Regulatory Charge" including Open Access Users

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that at para 8.17 of the petition, it is proposed that in addition to cross subsidy surcharge recovery of "Regulatory Charge" are to be allowed including from OA users.

The respondent strongly opposes the mechanism of "Regulatory Charge" proposed by TPL out of total gap for FY 2014-15, TPL has already recovered significant amount in terms of carried forward FPPPA charges during FY 2015-16. As regard proposal to allow addition of "Regulatory Charge" to CSS for OA users, it is submitted that grant of OA is governed as per Section 42 of Electricity Act 2003 and OA Regulations of the Commission. As per provisions of Act and Regulations, OA is to be granted on payment of compensatory charges in name of CSS and Additional

Surcharge. Therefore, the proposal to add "Regulatory Charge" in the CSS is unsustainable and bad in law and may not be allowed.

Response of TPL

The "Regulatory Charge" is proposed by the Petitioner towards recovery of the Cumulative Gap. The Petitioner has not proposed any change in tariff rates of existing tariff categories and proposed to recover the cumulative gap through "Regulatory Charge" effective from 1st April, 2016.

Commission's Observation

The cross subsidy is allowed as per formula provided in Tariff Policy.

3.26 Rise in Cross Subsidy Surcharge during previous years

Objection

M/s. Gujarat Chamber of Commerce & Industry (GCCI) has stated that in the tariff order for TPL-D, Ahmedabad, GERC has pronounced tariff for FY 2015-16 and increased cross subsidy surcharge from Rs. 0.30 per kWh to Rs. 0.43 per kWh. It infers that GERC has increased tariff in such a way which increases cross subsidization and therefore cross subsidy surcharge is increased.

In view of APTEL order dated 26/05/2006 in appeal no. 4, 13, 14, 23, 25, 26, 35, 36, 54 and 55 of 2005, the Commission is requested to withdraw rise in cross subsidy surcharge and reduce it to lowest level existing till date.

Response of TPL

The tariff of commercial/ industrial consumers has in-built cross subsidy as per the existing tariff structure prevailing in the country. Even the Electricity Act, 2003 does not envisage elimination of the cross subsidy. As per the provisions of the Electricity Act, 2003 and the National Tariff Policy, the Commission is required to compute the surcharge so as to achieve the ultimate objective of compensating the distribution licensee for the existing level of cross subsidization from the consumers seeking open access. Any under recovery of cross subsidy would result in revenue shortfall for the licensee which would have to be dealt with by the Commission by apportioning it amongst the remaining consumers leading to tariff hike which, in turn, is against the very principles of the Electricity Act, 2003. Section 61 (g) provides for progressive reduction in cross-subsidy whereas the objector's plea amounts to introduction of new level of cross subsidy. Thus, the plea of the objector is in contravention to the law and should be out-rightly rejected.

Commission's Observation

The cross subsidy surcharge is allowed as per provisions of the Electricity Act, 2003 and the formula given in Tariff Policy.

3.27 PF Rebate

Objection

Gujarat Chamber of Commerce & Industry has stated that the effect of PF on system is purely a technical matter and many tariff revisions (hike) have been approved by the Commission in last few years but rebate is unchanged for PF improvement. Since PF effect on system is in proportion and same is everywhere, it is prayed to keep PF adjustment and rebate charges as the same as per GUVNL DISCOMs. PF adjustment and rebate charges in other DISCOMs of Gujarat are in proportion. This will promote better efficiency of the power system.

Response of TPL

The tariff of each utility is different. The tariff schedule of Petitioner has different features like categorization of consumers, Prompt Payment Discount, structure of demand & energy charges, etc. The PF rebate and penalty cannot be revised on the ground that the same is prevalent in GUVNL DISCOMs. Further, the PF penalty and rebate are proposed in order to provide penalty and incentive to the consumers for maintaining the power factor. The PF rebate is provided in order to encourage the consumers for maintaining higher PF, whereas the penalty, by its very terminology, is the penal action for not maintaining the power factor. It may further be noted that penalty should always be higher than the rebate. The existing structure of penalty and rebate is on the basis of standard tariff philosophy and principles prevailing across the country.

Commission's Observation

The PF rebate and penalty need not be uniform in all DISCOMs.

3.28 Cost of Power

Objection

M/s. Utility Users' Welfare Association has stated that When Open Access consumer of 1 MW is procuring day time power at about Rs. 3.00 per Unit from energy exchange and night power is at less than Rs. 2.25 per Unit, how Distribution licensee having demand of more than 1300 MW can get power at Rs. 5.50/ per Unit?

Response of TPL

The Petitioner would like to state that power on energy exchanges is available on 15-minute blocks and the price is determined on the basis of demand-supply. Further, there is no guarantee for availability of power at exchanges. It is subjected to market fluctuations in terms of rate and availability. Therefore, the Petitioner submits that it is not correct to compare the cost of power available on Power Exchange with the committed power arranged by licensee to ensure reliable and quality power to its consumer.

Commission's Observation

While the power available from power exchange is on a short term basis and the availability is not guaranteed, whereas the power supply from the utility is based on long term agreement and the supply is assured. Hence the cost of power available from the two sources cannot be compared.

3.29 Non availability of gas from KG basin

Objection

M/s. Utility Users' Welfare Association has stated that TPL-D has made excuse of non-availability of gas from KG Basin for their SUGEN plant. This is totally unacceptable because as per PPA approved by GERC vide Order No. 813 and 814 of 2005, TPL has confirmed to the Commission to enter into gas fuel supply agreement with IOC or ONGC and they also confirmed that they are in dialogue with them. At that time KG Basin was not in picture at all. The GERC has approved the PPA subject to submission of FSA and it is found under RTI that TPL has FSA with KG Basin and no copy of FSA has been given to RTI activist saying that the FSA contains some confidential terms and conditions.

TPL-D has under guise of PPA with SUGEN, very illegally recovered the fixed cost of more than Rs. 5000 Crore during the last 5 years under the guise of shortage of gas from KG Basin.

Such illegal recovery should be immediately ceased by the Commission and the PPA should be considered as NULL and VOID as it does not fulfil submission of FSA as per Commission's Order. TPL has neither informed about the action taken against the Fuel Gas supplier as per the terms and Conditions of FSA nor Commission has directed TPL to clarify on the issue and allowed TPL to exploit the consumers of Ahmedabad, Gandhinagar and Surat as TPL has succeeded in capturing the whole regulatory process along with regulators.

Commission is requested to take this issue seriously and cease with immediate effect the recovery of fixed cost of SUGEN under guise of FPPPA and protect the consumers from paying extra ordinary exorbitant high tariff to TPL.

Response of TPL

The Petitioner would like to submit that it is entrusted with the obligation of supplying electricity in its area of supply i.e. Ahmedabad/Gandhinagar and Surat. The State and Central Commission’s Regulations specified under the EA, 2003 provide for long term arrangement of 25 years between the generator and distribution licensee for supply of electricity at regulated tariff irrespective of market fluctuations. Accordingly, the Petitioner has entered into the long term agreements for sourcing the power to cater to the demand of its consumers. In the Regulatory regime, the generating station has two-part tariff structure i.e. Capacity / Fixed Charge and Energy Charge, for recovery of total cost. The distribution licensee is liable to pay the fixed cost spread over the 25 years in accordance with the provisions of the Regulations irrespective of the level of utilization. In FY 2014-15, the Petitioner’s gas based plants were not being fully utilized because fuel was not being allocated by GoI due to lower availability of domestic gas in the scenario of unexpected reduction in production of gas from KG basin. These are the factors which are beyond the control of the Petitioner. Further, the GoI is making all possible efforts to address this short term situation. It may kindly be noted that the petitioner’s purchase arrangements are with long term approved source of power for 25 years and accordingly, the short term issue of non-availability of gas needs to be seen in long term perspective. Further, the determination of capacity charges and its payment is in accordance with the Regulations of the Commission. Regarding signing of Fuel Supply Agreements, it may kindly be noted that the same is being governed as per GoI policy for allocation of gas and determination of price. For new gas generating station, the gas is to be allocated when the station is nearing to commence commercial operation. However, due to reduction in gas availability, the gas is not getting allocated as per prevailing government policy despite the Power Sector is accorded highest priority for allocation of gas.

Commission's Observation

The response of the Petitioner is self-explanatory. It is a fact that gas is not available from KG basin. There is a long term agreement for purchase of power from gas based stations and the Petitioner has to go by terms of agreement, non-availability, of gas is beyond the control of the utility.

3.30 Engagement of Contractors for different works

Objection

M/s. Utility Users' Welfare Association has stated that;

i. TPL is showing all expenditure as if they engage the individual workers / employees for individual work.
ii. TPL's employees are working in other supply areas like Bhiwandi, Agra / Kanpur pharmaceutical units, cable units and loading their expenditure on the consumers of Ahmedabad, Gandhinagar and Surat

Response of TPL

The Petitioner submits the Company has diversified businesses, including regulated and non-regulated businesses, but the present petition is only related to the regulated business of Ahmedabad and Surat license areas of the Petitioner, which is within the jurisdiction of the Commission. The Petitioner further submits that it prepares and maintains the accounts as per the Accounting Standards specified by the Institute of Chartered Accountants of India in accordance with the provisions of the Companies Act. The Petitioner has furnished the separate Accounting Statements for its Ahmedabad and Surat license areas, duly certified by the Statutory Auditors of the Company for the FY 2014-15 in accordance with the statutory provisions.

Commission's Observation

The Commission is concerned about the regulatory business being conducted by the Petitioner. The petition filed by the Petitioner as per GERC (MYT) Regulations, 2011 is approved after detailed scrutiny and prudence check.

3.31 Loading other business expenditure on regulated business

Objection

M/s. Utility Users' Welfare Association has stated that TPL is loading their other business expenditure like Bhiwandi, Agra, Pharmaceuticals, cables and others on the regulated electricity business and ultimately the consumers of Ahmedabad, Gandhinagar and Surat are being looted because of Commission's failure to regulate the licensee as per provisions of law for the reasons known to the Commission.

Response of TPL

The Petitioner would like to clarify that separate accounts are being maintained for Regulated business and the same has been furnished, duly verified by the Statutory Auditors of the Company. The Petitioner further submits that all the requisite information for the present proceedings has been provided in the Petition in accordance with the GERC (MYT) Regulations, 2011.

Commission's Observation

As stated earlier the Commission regulates the utility's regulated business and not other businesses. The expenses under regulatory business are approved after detailed scrutiny and prudence check.

3.32 Third Party audit of accounts of TPL

Objection

M/s. Utility Users' Welfare Association has requested the Commission to conduct audit of the non-regulated businesses of TPL as per the powers with vested to the Commission under Section 94 of the Electricity Act, 2003.

TPL-D has never submitted the Accounting Statement as per Clause 40 of GERC (Licensing Conditions) Regulations, 2004 and also never maintained and submitted regulated business Accounting Statement separately for each segment wise as per requirement of Companies Act, 1956.

The Commission is requested to direct TPL to comply strictly with the MYT Regulations, 2011 for submission of Accounting Statement as the Accounting Statement submitted along with petitions TPL-D Ahmedabad, Surat, Dahej and TPL-G(APP) plant are not sacrosanct and auditor has not certified them as per Companies Act, 1956 as contemplated in GERC (MYT) Regulations, 2011.

Response of TPL

The jurisdiction of each regulatory commission has been also amply clarified in the EA, 2003. The non-regulated businesses are beyond the jurisdiction of the Commission. The present petition has been filed for determination of tariff by the Petitioner for its Ahmedabad & Surat licenses areas within the jurisdiction of the GERC. Hence, the question of examining data of non-regulated businesses does not arise in the present proceedings.

The Petitioner prepares and maintains the accounts as per the Accounting Standards specified by the Institute of Chartered Accountants of India in accordance with the provisions of the Companies Act, 1956. The Petitioner has furnished the separate Accounting Statements, duly certified by the Statutory Auditors of the Company for the FY 2014-15 in accordance with the statutory provisions.

Commission's Observation

As mentioned earlier the Commission is concerned with regulated business of the Petitioner. The petition filed by the Petitioner as per GERC (MYT) Regulations, 2011 is approved after detailed scrutiny and prudence check.

3.33 Fudging of Sales Figures

Objection

M/s. Utility Users' Welfare Association has stated that in the truing up chapter, TPL-D Ahmedabad and Surat areas sale figures are fudged and fabricated and shown deliberately less to inflate the ARR and to show the revenue less.

Response of TPL

The ARR and revenue gap has been arrived at as per provision of the GERC (MYT) Regulations, 2011.

Commission's Observation

The Objector, during hearing, had pointed out the mis-matches in the sales figures and the same was reconciled by the Petitioner indicating the differences on account of UI.

3.34 Combined Power Purchase for Ahmedabad and Surat supply areas

Objection

M/s. Utility Users' Welfare Association has stated that TPL is making combined power purchase for Ahmedabad and Surat supply area. Ahmedabad / Gandhinagar consumers are paying equal fixed cost under FPPPA though Ahmedabad / Gandhinagar supply area has PPA of 300 MW and Surat is having PPA of 500 MW with SUGEN. This is injustice to the consumers of Ahmedabad / Gandhinagar.

Response of TPL

The Petitioner would like to state the apprehension of the Objector is misplaced. The Commission approves the total power purchase cost for Ahmedabad / Gandhinagar and Surat Supply Areas collectively. The aforesaid power purchase cost is then allocated between both the areas based on their actual energy requirement for the year. Thus, the question of one area subsidising another does not arise. Further collective power purchase helps to reduce the overall cost including reduction of risk due to diversification of sources. Further it does not result in any extra recovery to TPL-D.

Commission's Observation

The Commission has approved the clubbing up of power requirement of Ahmedabad and Surat as there would be price advantage in bulk purchase.

3.35 Approval of Power Purchase Cost by calling for suggestion / objections of stakeholders

Objection

M/s. Utility Users' Welfare Association has stated that the power purchased cost has not been approved by the Commission by inviting comments / suggestions / objections of the stakeholders which is a gross violation of Section 61, 62 and 64 of the E.A. 2003.

TPL-D has procured the power from other sources not approved by the Commission, assuming that Commission has approved it. It is also in violation of the provision of the Electricity Act, 2003, rules and regulations made there under. Otherwise it is a mockery and eye wash of conducting the public hearing for determination of the tariff.

The Commission is requested not to approve the other source of Power Purchase which has not been brought to the notice of the stakeholders.

Response of TPL

The Petitioner submits that it procures power from the approved sources. The Commission carries out the due process of inviting comments/ suggestions while approving long term sources. Being the distribution licensee, the Petitioner is entrusted with the responsibility of making necessary arrangement for purchase of power by exercising commercial prudence to deal with short fall of supply from long term approved sources. The Commission is vested with the necessary powers to grant approvals for such short term power purchase arrangement in accordance with the provisions of the Regulations framed under the provisions of the EA, 2003. Thus, there is no violation of any provisions of the EA, 2003. The Petitioner further submits that it is making all efforts to source power at competitive rate and the cost of power purchase depends upon various factors including quantum, period and market conditions.

Commission's Observation

The Petitioner is procuring power from approved sources with the approval of the Commission. Power Purchase cost is approved after detailed scrutiny.

3.36 Power Purchase Agreement

Objection

M/s. Utility Users' Welfare Association has stated that the Objector has observed that there is no power purchase agreement between TPL-G (APP) and the Petitioner and objected to the power purchase cost incurred by the Petitioner from TPL-G (APP).

Response of TPL

TPL-G (APP) is the embedded generation and is the approved source of power purchase. Further, it may kindly be noted that the GERC (MYT) Regulations, 2011 specifies power purchase cost as legitimate item of expenditure.

Commission's Observation

TPL-G (APP) is an approved source for power purchase by the Petitioner and the power purchase cost is approved after detailed verification.

3.37 Procurement of power by competitive bidding process

Objection

M/s. Utility Users' Welfare Association has stated that TPL-D should be directed to procure their power requirement by competitive bidding process as per Clause 5.2 of Tariff Policy and also as per the advice of CERC to GoI so that consumers can be saved from paying higher power procurement cost incurred by TPL-D which only enriches their group companies.

Response of TPL

The Petitioner would like to submit that the Section 63 of the Electricity Act, 2003 gives an option to procure electricity at tariff determined in accordance with the competitive bidding guidelines issued by the Central Government. In that case, the Appropriate Commission shall adopt the tariff instead of determining the tariff in accordance with Section 62 on cost plus basis. It is clear that procurement of power is permissible either at tariff determined under Section 62 or tariff determined under Section 63.

Commission's Observation

Power can be procured from utility's own source under Section 62 or other sources under Section 63. The Commission approved the power purchase after detailed scrutiny.

3.38 Tariff Increase

Objection

M/s. Utility Users' Welfare Association has stated that TPL has not submitted any tariff increase proposal from 2000 to 2009-10 and however they have run the whole show. From 2009-10 onwards till today, the tariff has been increased more than thrice. This concludes that if TPL has either run their show for 10 years very efficiently or TPL has earned more than what is allowed under the provision of Act.

Response of TPL

The objection is not the subject of present petition.

Commission's Observation

The observation of the Objector and response of the Petitioner is noted.

3.39 Recovery of past years' gap

Objection

M/s. Utility Users' Welfare Association requested the Commission not to burden consumers with the recovery of the past years gap and carrying cost as the same consumers would not have been part of the system when such recovery was pending.

Response of TPL

The Petitioner would like to state that the Commission through the annual exercise computes the revenue requirement of the utility. The Gap/(Surplus) arrived at after truing up of a particular year is adjusted in the ensuing year's tariff. This Gap/(Surplus) is to be adjusted during tariff determination process. It may kindly be noted that the proposed gap has been arrived in accordance with the provisions of the Regulatory Framework based on the judgments and orders of the Hon'ble Tribunal and the Commission.

Commission's Observation

The Gap/surplus on True-up of earlier year is carried forward to the current year as per GERC (MYT) Regulations, 2011. Carrying cost is allowed for earlier years' unrecovered gap as per APTEL decision.

4. Truing up of FY 2014-15

4.0 Introduction

This chapter of the order deals with the truing up for FY 2014-15 for TPL-D, Ahmedabad.

The Commission has studied and analysed each component of the ARR for the FY 2014-15 in the following paragraphs.

4.1 Energy Sales to the Consumers

Petitioner's Submission:

TPL has submitted the category-wise actual energy sales for Ahmedabad area for the FY 2014-15, along with the sales approved by the Commission in MTR Order dated 29th April, 2014 as given in the Table below:

Table 4.1: Energy sales for FY 2014-15 for Ahmedabad Area

(MUs)

Category	As per MTR Order for FY 2014-15	Actuals for FY 2014-15
RGP	2,276	2,309.32
Non- RGP	943	868.77
LTMD	1,723	1,571.66
HT	1,875	1,492.68
HT Pumping	109	117.42
Others	85	82.70
DoE Units	-	8.63
Total	**7,011**	**6,451.19**

The actual sales work out to 6451.19 MUs in the Ahmedabad area for FY 2014-15, as against 7011 MUs approved in the MTR Order.

The reasons for deviation of sales from approved ones are given as follows:

- The actual sales for RGP category were higher than the approved sales due to extended summer, higher average temperature coupled with delayed monsoon observed during FY 2014-15.
- The actual sales for Non RGP and LTMD categories were lower due to overall slowdown in industrial activity for longer period.
- The sales in H.T. category were adversely impacted due to sourcing of power through open access by customers having load above 1 MW. The total loss of sales due to these customers was 430.91 MUs in FY 2014-15.

Commission's Analysis

The Commission, in the MTR Order dated 29th April, 2014, had considered the estimated sales of 7011 MUs for Ahmedabad area for FY 2014-15. The actual energy sales in Ahmedabad area were 6451.19 MUs, which are lower (by 559.81 MUs) than the estimated sales considered by the Commission in the MTR Order.

The Commission approves the energy sales totalling 6451.19 MUs for Ahmedabad area for truing up for FY 2014-15.

4.2 Distribution Losses

Petitioner's Submission

TPL has submitted that the actual distribution loss was 7.34% in the Ahmedabad area for FY 2014-15. The distribution loss approved in the MTR Order for FY 2014-15, read with APTEL Judgement dated 16th February, 2015 in Appeal Nos. 148 & 149 of 2014 and the actuals for FY 2014-15 are given below:

Table 4.2: Distribution loss for FY 2014-15

(%)

Particulars	As per MTR Order for FY 2014-15 read with APTEL Judgement dtd. 16.02.2015 in Appeal Nos. 148 & 149 of 2014	Actual
Distribution Loss	8.50	7.34

It is submitted by TPL-D (Ahmedabad) that it has been making all efforts to contain the distribution losses and consequent to the efforts, it has maintained the distribution losses below the level laid down by the Commission in its MTR Order.

Commission's Analysis

The Commission has observed that the actual distribution loss (in %) in FY 2014-15 is less than the approved distribution losses in the MTR Order, read with APTEL Judgement dated 16th February, 2015 in Appeal Nos. 148 & 149 of 2014.

The Commission approves the Distribution losses at 7.34% for Truing up for FY 2014-15.

4.3 Energy Requirement and Power Purchase

Petitioner's Submission

The Petitioner has submitted the actual energy requirement for Ahmedabad & Surat Supply area based on the actual energy sales and the transmission & distribution loss. The total energy requirement was met through various sources as described in the subsequent section.

Energy Requirement for Ahmedabad and Surat Areas

Based on the actual energy sales and Transmission and Distribution losses, the energy requirement of TPL-D (Ahmedabad and Surat) are given in the Table below:

Table 4.3: Energy Requirement submitted by TPL-D Ahmedabad and Surat for FY 2014-15

Sl. No.	Particulars	MTR Order (read with APTEL Judgement dtd. 16.02.2015 in Appeal Nos. 148 & 149 of 2014)	Actual
1	**Ahmedabad Supply Area**		
2	Energy Sales (MUs)	7,011.00	6,451.19
3	Distribution Losses (%)	8.50%	7.34%
4	Distribution Losses (MUs)	651.30	510.79
5	Energy Input at the Distribution Level (MUs)	7,662.30	6,961.98
6	Transmission Loss (MUs)	118.00	124.60
7	**Energy Requirement (A)**	**7,780.30**	**7,086.59**
8	**Surat Supply Area**		
9	Energy Sales (MUs)	3,212.00	3,308.27
10	Distribution Loss (%)	5.15%	4.09%
11	Distribution Loss (MUs)	174.40	141.19
12	Energy input at distribution level (MUs)	3,386.40	3,449.46
13	EHV/Transmissions Loss (MUs)	47.00	100.76
14	**Energy Requirement (B)**	**3,433.40**	**3,550.22**
15	**Total Energy Requirement (A+B)**	**11,213.69**	**10,636.81**

Energy Availability for TPL-D (Ahmedabad and Surat)

TPL-D has projected the energy availability from TPL-D sources collectively for Ahmedabad and Surat license areas from its own plant at Sabarmati TPL-G (APP), TPL (SUGEN) Plant, and Renewable Energy and other sources such as bilateral purchase / power exchange. The source-wise power procured for TPL-D is provided in the Table below:

Table 4.4: Energy Availability (Net) for FY 2014-15 for TPL-D Supply Area (Ahmedabad and Surat)

(MUs)

Sl. No.	Energy Sources	MTR Order	Actual
1	TPL - G (APP)	2,953	2,717.85
2	SUGEN	3,345	2,420.72
3	Bilateral	1,855.68	4,133.85
4	Power Exchange	2,076.72	1,014.48
5	Renewable Energy	889.56	191.40
6	**Sub-Total**	**11,120**	**10,478.30**
7	Add: Sale of Surplus Power/UI	-	158.51
8	**Total**	**11,120**	**10,636.81**

TPL has submitted that due to reduction in availability of gas in KG basin, the allocation of domestic gas was reduced by the Govt. of India. The utilisation of gas generation facilities, though available, majorly depends on contracted sources of supply. Despite the availability of generation facilities, the Petitioner had to source power from bilateral sources and power exchange to cater to the demand of its consumers. Accordingly, there was a variation in off take from SUGEN. This variation is uncontrollable as it is beyond the control of the Petitioner.

The net quantum of UI power on account of deviation from the scheduled purchase has been added to the total energy procured. The power purchase from power exchange is mainly intended to cover the shortfall in power supplies**.**

Power Purchase Cost for Ahmedabad and Surat Areas

TPL-D has submitted that the quantum of power purchase depends on energy sales and distribution loss and the mix of power purchase depends on the availability and cost of different sources at a point of time. Therefore, the Commission has also classified it as uncontrollable item except for the variation in distribution loss level. The actual power purchase cost for FY 2014-15 is provided in the table below and compared with the approved power purchase.

The variation in the power purchase cost from the MTR Order is on account of variation in sales and variation in actual cost with respect to the base rate along with purchase of power from short-term sources to meet the shortfall during the year.

The variation in power purchase cost is uncontrollable except on account of variation in distribution losses and hence the same needs to be allowed in truing up exercise.

Table 4.5: Power Purchase Cost submitted for TPL-D Supply Area for FY 2014-15

(Rs. Crore)

Sl. No.	Energy Sources	MTR Order	Actual
1	TPL - G (APP)	1,178.25	1,206.20
2	SUGEN	1,960.17	2,261.87
3	Bilateral / GUVNL	705.16	1,527.43
4	Power Exchange	812.01	429.94
5	Renewable Energy	454.46	142.69
6	REC	-	92.25
7	**Total**	**5,110.05**	**5,660.38**

TPL-D has submitted that the power purchase for its Ahmedabad & Surat licensee areas has been carried out on collective basis and the total power purchase cost has been apportioned between Ahmedabad & Surat on the basis of usage to cater to the demand of its customers. Accordingly, the allocated power purchase cost for Ahmedabad Supply area is Rs. 3758.30 Crore for FY 2014-15.

Commission's Analysis

Energy Requirement

The energy requirement for Ahmedabad area submitted by the Petitioner for FY 2014-15 along with energy requirement of MTR Order, read with APTEL Judgement dated 16.02.2015, has been examined. The actual energy sale is lower than that approved. Same is the case of T&D losses. The lower sales and lower distribution losses have resulted in the reduction of energy requirement during FY 2014-15. The distribution losses approved in MTR Order, read with APTEL Judgement dated 16.02.2015, was 8.50% (651.30 MUs) and the actual distribution losses achieved is 7.34% (510.79 MUs). The total energy requirement, being the sum of energy sales and transmission and distribution losses, was 7086.59 MUs for FY 2014-15.

The Commission, accordingly, approves the energy requirement of Ahmedabad distribution area at 7086.59 MUs for truing up for FY 2014-15, as summarised in Table 4.3 above.

Energy Availability

TPL has submitted that the power purchase for its Ahmedabad and Surat license areas has been carried out on a collective basis. TPL has purchased power from TPL-G (APP), TPL-G (SUGEN), Renewable energy and other sources bilateral purchase/ power exchange to meet the requirement of Ahmedabad and Surat areas. All the sources have been listed as approved sources of power in the MTR Order. TPL has made purchase of power of 5148.33 MUs from Bilateral & Power Exchange, as against 3932.40 MUs approved in the MTR Order. This additional Short-Term purchase of 1215.93 MUs is due to shortfall in generation at TPL-G (APP) and TPL (SUGEN). The Commission observed that TPL has sold 158.51 MUs of energy under sale of surplus/ UI (Unscheduled Interchange).

The Commission approves the source-wise power procured by TPL-D for Ahmedabad and Surat areas, as given in Table below:

Table 4.6: Approved Source-wise Power Purchase for Truing up for FY 2014-15 for TPL-D

(MUs)

Sl. No.	Energy Source	Actual submitted by TPL	Approved by the Commission
1	TPL - G (APP)	2717.85	2717.85
2	SUGEN	2420.72	2420.72
3	Bilateral / GUVNL	4133.85	4133.85
4	Power Exchange	1014.48	1014.48
5	Renewable Energy	191.40	191.40
6	Sub Total	10478.30	10478.30
7	Add: Sale of Surplus power / UI	158.51	158.51
8	**Total**	**10636.81**	**10636.81**

Out of total power purchase of 10636.81 MUs, the requirement of Ahmedabad license area is 7086.59 MUs, as can be seen from Table 4.3 above.

Power Purchase Cost

Petitioner's Submission

The actual power purchase cost for FY 2014-15 as submitted by TPL, along with power purchase cost approved in the MTR Order, is as given in Table 4.5.

Table 4.7 (a): Power Purchase Cost as Approved in the MTR Order and the Actual claimed by TPL-D for FY 2014-15

(Rs. Crore)

Sl. No.	Energy Source	MTR Order	Actual submitted by TPL
1	TPL - G (APP)	1178.25	1206.20
2	SUGEN	1960.17	2261.87
3	Bilateral / GUVNL	705.16	1527.43
4	Power Exchange	812.01	429.94
5	Renewable Energy	454.46	142.69
6	REC	-	92.25
7	**Total**	**5110.04**	**5660.38**

The consolidated cost of purchase of power for TPL-D for FY 2014-15, as per Annual Accounts for Ahmedabad and Surat distribution area, is Rs. 6031.70 (4003.81+2027.89) Crore.

The Petitioner submitted that Regulation 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 specifies the Renewable Power Purchase Obligation (RPPO) for FY 2010-11, FY 2011-12 and FY 2012-13. The GERC vide Amendment to the GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 has specified the RPO target for the period FY 2014-15 to FY 2016-17. TPL-D has made all efforts to fulfil its RPPO.

The renewable energy requirement and renewable energy sourced for FY 2014-15 for Ahmedabad supply area is as under:

Particulars	MUs
Energy Requirement	**7,086.59**
Obligation	
Wind energy to be procured (@6.25%)	442.91
Solar energy to be procured (@1.25%)	88.58
Biomass/Bagasee/Others (@0.50%)	35.43
Total (8.00%)	566.93
Compliance (Non-Solar)	
Wind	58.50
Non Solar-REC	417.80
Compliance	476.30
Compliance (as % of Energy Requirement)	6.72%
Compliance (Solar energy)	
Solar	52.09
Solar-REC	-
Compliance	52.09
Compliance (as % of Energy Requirement)	**0.74%**
Shortfall of FY 2014-15	
Non-Solar	2.05
Solar	36.49
Total	**38.54**

TPL-D sources renewable power as per the PPAs signed and also procures the surplus power from the captive Renewable consumers. TPL-D has issued the advertisements in newspapers inviting offers from wind RE developers. However, it did not receive any encouraging response. Hence, TPL-D has purchased the RECs to fulfil part of its obligation though there were financial constraints. Thus, despite all its efforts, it has not been able to fulfil its obligation due to supply constraints and factors beyond its control. Further, the renewable energy from Biomass/ Bagasee based sources was not available during the year.

TPL-D had signed a PPA of 50 MW Solar Power Procurement with the developer. The project was partly commissioned on 31st March, 2014 (29.9 MW) and balance capacity was commissioned on 4th February, 2015 (20.1 MW).

The Regulation 4.2 of GERC (Procurement of Energy from Renewable Energy Sources) Regulations, 2010 provides for revision of RPPO targets by the Commission on suo-motu basis or at the request of a licensee in view of supply constraints or other factors beyond the control of the licensee. Accordingly, the Petitioner has approached the Commission to revise the RPPO target for FY 2014-15 as per actuals.

Commission's Analysis

The Commission has approved the generation cost of Ahmedabad Power Plant at Rs. 1210.31 Crore in the truing up for FY 2014-15. The power purchase cost approved by the Commission is as detailed in the Table below:

Table 4.7 (b): Power Purchase Cost as approved in MTR Order and approved for TPL-D in the Truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Energy Sources	As per MTR Order	Approved in the truing up for FY 2014-15
1	TPL - G (APP)	1178.25	1210.31
2	SUGEN	1960.17	2261.87
3	Bilateral	705.16	1527.43
4	Power Exchange	812.01	429.94
5	Renewable Energy	454.46	142.69
6	REC	-	92.25
7	**Total**	**5110.05**	**5664.49**

As shown above, the Commission approves the total power purchase cost of Rs. 5664.49 Crore for the procurement of total energy of 10636.81 MUs for TPL-D. Hence, the per unit power purchase cost works out to Rs. 5.3254/ kWh. Since the Commission has approved the energy requirement of Ahmedabad Distribution Area as 7086.59 MUs, the power purchase cost for Ahmedabad Distribution Area is computed at Rs. 3773.87 Crore.

The Commission, accordingly, approves the total power purchase cost of Rs. 3773.87 Crore, for TPL-(D) Ahmedabad supply area during FY 2014-15 for Truing up.

4.4 Gain due to reduction in energy requirement due to reduction in distribution losses

Petitioner's Submission

TPL has computed the gain due to reduction in distribution loss for Ahmedabad area at Rs. 60.83 Crore, as given in the Petition, on account of reduction in distribution losses.

Table 4.8: Computation for reduction in energy requirement of TPL-D (Ahmedabad) due to reduction in distribution loss submitted by TPL-D (Ahmedabad)

Particulars	Unit		Actuals
Actual Energy purchased at distribution level	MUs	(a)	6,961.98
Energy Sales	MUs	(b)	6,451.19

Particulars	Unit		Actuals
Wheeling Energy - OA/RE	MUs	(c)	486.03
Net wheeled units	MUs	(d) = (b)+(c)	6,937.21
Approved Distribution Loss	%	(e)	8.50%
Energy required at distribution level at approved loss	MUs	(f) = (d)/(1-(e))	7,581.65
Difference	MUs	(g) = (f)-((a)+(c))	133.65
Units recovered as loss	MUs	(h)	19.33
Reduction in Energy Requirement	MUs	(i) = (g)-(h)	114.32
Average PPC	Rs./kWh	(j)	5.32
Savings	Rs. Crore	(k) = (i)*(j)/10	60.83

Commission's Analysis

The Commission has approved distribution loss at 8.50% in the MTR Order, read with APTEL Judgement dated 16.02.2015, whereas TPL has claimed the actual distribution loss at 7.34% for FY 2014-15.

The Commission has worked out Gain on account of reduction in distribution loss as shown in the Table below:

Table 4.9: Computation for reduction in energy requirement of TPL-D (Ahmedabad) due to reduction in distribution loss considered by the Commission

Particulars	Unit		Actual
Energy Sales	MUs	(a)	6451.19
Set-off wheeled energy	MUs	(b)	486.03
Units recovered as loss	MUs	(c)	19.33
Total energy supplied	MUs	(d)=(a)+(b)	6937.22
MYT approved Distribution Loss	%	(e)	8.50%
Energy required at distribution level as per MYT approved Loss	MUs	(f)=(d)/(1-(e))	7581.66
Normative energy required at distribution level at MYT approved Loss	MUs	(g)=(f)-(b)	7095.63
Actual Energy Purchased at distribution level	MUs	(h)	6961.98
Reduction in energy requirement	MUs	(i)=(g)-(h)-(c)	114.32
Power Purchase Cost	Rs./Unit	(j)	5.3254
Savings due to improvement in Distribution Loss	Rs. Crore	(k)=(i)*(j)/10	60.88

The total power purchase cost and gains/(losses) considered in the truing up for FY 2014-15 are summarised below:

Table 4.10: Power Purchase cost and Gains / (Losses) approved in Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order (read with APTEL Judgement dtd. 16.02.2015 in Appeal Nos. 148 & 149 of 2014)	Approved in Truing up for FY 2014-15	Deviation + / (-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Power Purchase Cost	3543.02	3773.87	(230.85)	60.88	(291.73)

4.5 Fixed Charges

4.5.1 Operations and Maintenance (O&M) Expenses

TPL has claimed Rs. 259.40 Crore as O&M expenses as against the composite O&M expenses of Rs. 229.00 Crore approved for FY 2014-15 in the MTR Order as detailed in the Table below:

Table 4.11: O&M Expenses of Ahmedabad Supply Area Projected for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in MTR Order	Actual claimed in Truing up for FY 2014-15
1	O&M Expenses	229.00	259.40

Petitioner's Submission

TPL has submitted that the actual O&M expenses of Ahmedabad supply area have exceeded the approved value mainly due to Provision for wage revision. It may kindly be noted that the Petitioner was in discussions with unionized Employees of Ahmedabad license area for wage revision. As wage revision had to come into effect from 1st April-2013, the Petitioner had made the provision of Rs. 12 Crore each for wage revision in the employee expenses for FY 13-14 and FY 14-15 in its books. As the wage settlement concluded in FY 2015-16, the total impact of wage settlement crystalized during FY 2015-16. Therefore, the Petitioner requests the Commission to allow the total impact of wage revision as uncontrollable in FY 2015-16. Accordingly, in the present petition of truing up of FY 2014-15, the Petitioner has considered the total variation in O&M expense as controllable for sharing of gains/losses.

Commission's Analysis

TPL has submitted the actual O&M Expenses at Rs. 259.40 Crore in the Truing up for FY 2014-15. The O&M Expenses as per annual accounts for FY 2014-15 are Rs. 307.94 Crore.

These O&M Expenses include Rs. 48.05 Crore relating to prompt payment discount (Rs. 35.24 Crore), Donation (Rs. 8.10 Crore), Bad Debts written off (Rs. 4.46 Crore), and provision for bad debts (Rs. 0.25 Crore). TPL vide its e-mail dated 20.02.2016 submitted that O&M Expenses is claimed less to the tune of Rs. 0.49 Crore which is income from insurance claim. Thus, the net O&M Expenses are Rs. 259.40 (307.94-48.54) Crore.

The Commission, accordingly, approves the O&M expenses of Rs. 259.40 Crore, as claimed by the petitioner for truing up for FY 2014-15.

The O&M expenses and the Gains/(Losses) approved in the truing up for FY 2014-15 are given in the Table below:

Table 4.12: O&M Expenses and Gains / (Losses) approved in Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation + / (-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
O&M Expenses	229.00	259.40	(30.40)	(30.40)	-

4.5.2 Capital Expenditure, Capitalisation and Sources of Funding

TPL has furnished the actual capital expenditure at Rs. 285.20 Crore in the truing up for FY 2014-15, as against Rs. 279.34 Crore approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.13: Capital Expenditure Claimed by TPL-D, Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
1	EHV	132.92	94.59
2	HT Network	63.45	109.31
3	LT Network	53.25	64.23
4	Metering	18.30	14.07
5	Special Projects	6.18	0.73
6	IT & related expenditure	3.34	1.39
7	Admin & Others	1.90	0.88
8	**Total**	**279.34**	**285.20**

Capital Expenditure

Petitioner's Submission

TPL has submitted that the capital expenditure incurred by Ahmedabad Supply Area in FY 2014-15 is Rs. 285.20 Crore which is higher than the approved value. TPL has indicated the major variances in the actual expenditure against the approval as detailed below:

a) EHV – In order to optimise the cost and considering the network loading conditions, the Petitioner is in the process of upgrading the existing 220 kV Nicol -2 substation to 400 kV. Majority of the expenditure towards completion of the project is likely to happen in the next few years.

   The project of laying 132 kV line/cable from Nicol-1 to Airport via Naroda substation and upgradation of Naroda substation to 132 kV and upgradation of 66 kV Sabarmati-Gandhinagar line to 132 kV was completed in FY 14-15. In addition to the above, due to high loading observed at ISRO S/s it was decided to use the available funding to replace the 50 MVA transformer with two 75 MVA transformers which would also, in turn, provide as a source for 33 kV new substation. Hence, the uprating of 132 KV line to 400 kV from Pirana to Vinzol which was to be extended to Vastral has been deferred due to budget constraints.

   In order to curtail the expenditure, 132 kV interconnection between Dudeshwar and Pirana was deferred beyond the control period. However, significant overloading was observed on 132 kV line between Sabarmati and Dudheshwar. As there was no alternate supply at this EHV S/s and as not enough margin was available at Sabarmati supply point, the said scheme was executed in FY 14-15. The 400KV Nicol-2 import point connection with PGCIL (CTU) network by LILO of Dehgam-Pirana line of PGCIL has been deferred due to financial constraints.

   The majority of the expense towards 33 kV substations at New Ranip was to be incurred towards the acquisition of the land for the project. The said acquisition of the land was not completed in FY 14-15 and hence the expenditure towards the project was deferred.

b) HT – The Commission had approved the capital expenditure of Rs. 63.45 Crore for HT network. In this regard, the Petitioner has incurred the expenditure of Rs. 109.31 Crore. The major variation is on account of:

- Higher capex incurred for new substation and transformer replacement due to increase in applications for new connections/ extensions.
- Expenditure incurred for the New HT consumers namely VS Hospital and IIT.
- Expenditure incurred towards relieving load of existing overloaded 11 kV feeders to cater to the load growth.
- National highway authority and BRTS carried out road widening activity due to which expenses increased in FY 14-15 while capex incurred for safety on need basis.

c) LT – The Commission had approved the capital expenditure of Rs. 53.25 Crore for LT network. However, the actual expenditure was Rs. 64.23 Crore due to increase in new connections based on higher growth. Also the cost has increased primarily due to increase in Road Opening (R.O) charges and increase in the material and labour cost.

d) Metering – The Commission had approved capital expenditure pertaining to Metering of Rs. 18.3 Crore. The actual expenditure was lower compared to approved as the Petitioner utilized the extra meters recovered from site due to implementation of single meter single premises concept.

e) Others – The capex incurred for Special Projects was lower due to deferment of part of GIS project. The capex under the head of IT and capex planned for Admin towards offices including civil work were deferred.

Commission's Analysis

The Commission observed that the petitioner has incurred capital expenditure of Rs. 285.20 Crore, as against Rs. 279.34 Crore considered by the Commission in the MTR Order for FY 2014-15.

Capitalisation

Petitioner's Submission

TPL has claimed a sum of Rs. 241.93 Crore towards capitalisation, as against the actual capital expenditure of Rs. 285.20 Crore.

Commission's Analysis

The net addition of assets during FY 2014-15 is Rs. 225.96 Crore, as verified from the annual accounts of TPL-Ahmedabad for the FY 2014-15.

The Commission observed that the petitioner has capitalised a lower amount, as against what is approved by the Commission in the MTR Order for FY 2014-15. The Commission noticed that the actual capitalisation claimed by TPL in the previous years were also lower than those approved by the Commission.

The Commission approves the net capitalisation at Rs. 225.96 Crore in the truing up for FY 2014-15.

Funding of CAPEX

Petitioner's Submission

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

Table 4.14: Capitalisation for Ahmedabad Supply Area in FY 2014-15

(Rs. Crore)

Particulars		Actual
Opening GFA	(a)	3,260.39
Addition to GFA	(b)	241.93
Deletion to GFA	(c)	15.97
Closing GFA	(d)=(a)+(b)-(c)	3,486.35
SL Contribution	(e)	68.54
Capitalisation for Debt	(f)=((b)-(c)-(e))	157.42
Capitalisation for Equity	(g)=((b)-(c)-(e))	157.42
Normative debt @70%	(h)=(f)*70%	110.19
Normative Equity @30%	(i)=(g)*30%	47.23

Commission's Analysis

TPL has considered capitalisation for computation of normative debt and equity. The Commission has considered the net capitalisation, as detailed in the Table below:

Table 4.15: Approved Capitalization and Sources of Funding for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15
1	Capital Expenditure	279.34	285.20
2	Capitalisation During the year(net)	86.60	225.96
3	Less: SLC	25.57	68.54
4	Balance Capitalisation	61.02	157.42
5	Normative Debt @ 70%	42.72	110.19
6	Normative Equity @ 30%	18.31	47.23

4.5.3 Depreciation

TPL has claimed a sum of Rs. 114.92 Crore towards depreciation in the truing up for FY 2014-15, as against Rs. 113.75 Crore approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.16: Depreciation Claimed by TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
1	Depreciation	113.75	114.92

Petitioner's Submission

TPL has submitted that the depreciation rates, as per CERC (Terms and Conditions of Tariff) Regulations, 2004, are applied on the opening GFA of FY 2009-10 and for addition of assets from 1st April, 2009 onwards, the depreciation has been computed at rates specified in Appendix III to the CERC (Terms and Conditions of Tariff) Regulations, 2009. TPL has claimed depreciation as an uncontrollable item.

Commission's Analysis

The Petitioner has computed the depreciation for FY 2014-15, by applying GERC depreciation rates, asset classification-wise. The details of opening balance of assets, as on 1st April, 2014, addition and deduction to the Gross Block, during FY 2014-15, and the depreciation on the assets, asset classification-wise, are given in the Petition. The Commission has considered the opening and closing balance from the annual accounts for FY 2014-15 for computation of depreciation.

The Commission, accordingly, approves the depreciation of Rs. 114.92 Crore in the truing up for FY 2014-15.

As noted in Para 4.5.4 below, the Commission is of the view that depreciation should be treated as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of depreciation in the Truing up for FY 2014-15, as detailed in the Table below:

Table 4.17: Depreciation and Gains / (Losses) on account of Depreciation Approved in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Depreciation	113.75	114.92	(1.17)	-	(1.17)

4.5.4 Interest Expenses

TPL has claimed a sum of Rs. 64.36 Crore towards actual interest expenses in the truing up for FY 2014-15, as against Rs. 60.40 Crore approved in the MTR Order for FY 2014-15 as detailed in the Table below:

Table 4.18: Interest Claimed in the Truing up for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
1	Interest expenses	60.40	64.36

Petitioner's Submission

The Petitioner has submitted that the GERC (MYT) Regulations, 2011 provide for the calculation of interest expenses on normative basis considering the amount of depreciation of assets created as the amount of repayment.

The Petitioner has considered the interest expenses as per the GERC (MYT) Regulations, 2011 on normative loans. The Petitioner has calculated the interest expenses by applying the opening Weighted Average Rate of interest of the actual loan portfolio of the Petitioner at the beginning of the year (i.e. 01.04.2014) on the loan component while repayment has been considered equal to the depreciation of the assets for the year.

The eligible interest expenses for FY 2014-15 are shown in the table below.

Table 4.19: Interest Expenses claimed for Ahmedabad Supply Area for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Actual claimed in truing up for FY 2014-15
1	Addition to GFA	241.93
2	Less: Deletions from GFA	15.97
3	Less: SLC additions	68.54
4	Capitalisation for Debt	157.42
5	Normative Debt @ 70%	110.19
6	Opening Balance of Loans	548.95
7	Repayments	114.92

Sl. No.	Particulars	Actual claimed in truing up for FY 2014-15
8	New Borrowings	110.19
9	Closing Balance of Loans	544.22
10	Average Loan	546.59
11	**Interest Expense @11.70%**	**63.95**
12	Other Borrowing Cost	0.41
13	Interest Expenses	64.36

Commission's Analysis

The existing loan outstanding as on 1st April, 2014 has been verified with the tariff order dated 31st March, 2015 and found to be correct.

The additional loan of Rs. 110.19 Crore is in accordance with the requirements of capitalisation and source of funding as approved in Table 4.15 above.

GERC (MYT) Regulations, 2011, provide for computation of interest on loan on normative basis, based on the opening balance of loan brought forward from the previous year's closing balance and the capitalisation and approved funding thereon. The opening balance of loan for FY 2014-15 has been brought forward from the closing balance of the actual loan outstanding as on 31.03.2014. As per GERC (MYT) Regulations, 2011, repayment of the loan is considered equal to the depreciation allowed and the rate of interest of 11.70% is considered as the Wt. Avg. rate of interest calculated on the basis of actual loan portfolio at the beginning of the FY 2014-15. The other borrowing cost, as per annual accounts, is Rs. 0.41 Crore for FY 2014-15. The Commission has recomputed the interest on loan for FY 2014-15, as detailed in the Table below:

Table 4.20: Interest Approved by the Commission in the Truing up for FY 2014-15
(Rs. Crore)

Sl. No.	Particulars	Approved by the Commission for FY 2014-15
1	Opening Loan	548.95
2	New loans During the Year	110.19
3	Repayment During the Year	114.92
4	Closing Loan	544.22
5	Average Loan	546.59
6	Rate of Interest	11.70%
7	Interest	63.95
8	Other Borrowing Costs	0.41
9	Total Interest and Finance Charges	64.36

The Commission, accordingly, approves the interest and finance charges of Rs. 64.36 Crore in the truing up for FY 2014-15.

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

The Commission, accordingly, approves the Gains/(Losses) on account of interest and finance charges in the truing up for FY 2014-15, as detailed in the Table below:

Table 4.21: Gains / (Losses) Approved in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Interest on Loans	60.40	64.36	(3.96)	-	(3.96)

4.5.5 Interest on Working Capital

TPL has claimed Nil amount towards interest on working capital, as against Nil approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.22: Interest on Working Capital Claimed by for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
1	O&M Expenses for 1 Month	19.08	21.62
2	1% of GFA for Maintenance Spares	27.86	32.60
3	Receivables for 1 Month	345.42	367.39
4	Less: Security Deposit	407.59	445.17
5	Normative Working Capital	(15.22)	(23.56)
6	Interest Rate	14.45%	14.75%
7	Interest on Working Capital	-	-

Petitioner's Submission

The working capital requirement is arrived at as per the GERC (MYT) Regulations, 2011. As working capital requirement works out to be negative, the Petitioner has not claimed any interest on working capital. The revised computation is provided in the table above for the approval of the Commission.

Commission's Analysis

The Commission has examined the interest on working capital claimed by TPL for FY 2014-15. The Commission has observed that TPL has worked out the interest on working capital, considering 14.75% as the SBAR as on 01.04.2014. The Commission, while truing up for FY 2011-12, decided to consider the rate (SBAR) prevailing as on 1st April of the financial year for which Truing up is being done. The SBAR as on 1st April, 2014 was 14.75%. The Commission, accordingly, takes into consideration the SBAR of 14.75% in computation of interest on working capital for FY 2014-15.

While computing the working capital, TPL has reduced the working capital by considering amount of security deposit for which interest is paid by the consumers. The Commission has reduced the working capital, by considering the average security deposit of Rs. 445.17 Crore for FY 2014-15 as per annual accounts.

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

Table 4.23: Interest on Working Capital Approved for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Actual claimed in Truing up for FY 2014-15	Approved in Truing up for FY 2014-15
1	O&M Expenses for 1 Month	21.62	21.62
2	1% of Opening GFA for Maintenance Spares	32.60	32.60
3	Receivables for 1 Month	367.39	367.39
4	Less: Security Deposit (Avg.)	445.17	445.17
5	Normative Working Capital	(23.56)	(23.57)
6	Interest Rate	14.75%	14.75%
7	Interest on working Capital	-	-

The Commission, accordingly, approves the interest on working capital as Nil in the truing up for FY 2014-15, as detailed in the above Table.

The deviation is Nil. The Commission considers the interest on working capital as uncontrollable, since the components contributing for working capital are mostly uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of interest on working capital in the truing up for FY 2014-15, as detailed in the Table below:

Table 4.24: Interest on Working Capital Approved for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) Due to Uncontrollable Factors
Interest on Working Capital	Nil	Nil	-	-	-

4.5.6 Interest on Security Deposit

TPL has claimed a sum of Rs. 37.50 Crore towards interest on security deposit in the truing up for FY 2014-15, as against Rs. 38.72 Crore approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.25: Interest on Security Deposit Claimed for TPL-D, Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in the MTR Order	Actual claimed in Truing up for FY 2012-13
1	Interest Rate	9.5%	9%
2	Interest on Security Deposit	38.72	37.50

Petitioner's Submission

The Commission in its MTR order had approved the interest on security deposit for the Petitioner considering 9.5% interest rate on the average estimated balance of security deposit for FY 2014-15. The actual interest expenses on security deposit considering the rate of interest of 9% is Rs. 37.50 Crore.

Commission's Analysis

The Commission has verified the actual interest on security deposit with the annual accounts and found that the actual interest is Rs. 37.50 Crore.

The Commission, accordingly, approves the interest on security deposit at Rs. 37.50 Crore in the truing up for FY 2014-15.

The deviation of Rs. 1.22 Crore is considered to be a gain on account of uncontrollable factors, as detailed in the Table below:

Table 4.26: Approved Gains / (Losses) due to Interest Paid on Security Deposit in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Interest on Security Deposit	38.72	37.50	1.22	-	1.22

4.5.7 Bad debt written off

TPL has claimed Rs. 4.46 Crore towards bad debts written off in the truing up for FY 2014-15, as against Rs. 1.50 Crore approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.27: Bad Debts Written off Claimed for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
Bad Debts Written off	1.50	4.46

Petitioner's Submission

The Petitioner has submitted that it has written off bad debts of Rs. 4.46 Crore during the year.

Commission's Analysis

The Commission has verified the bad debts written off with the annual accounts for FY 2014-15 and found these to be Rs. 4.46 Crore.

The Commission, accordingly, approves the bad debts written off as Rs. 4.46 Crore in the truing up for FY 2014-15.

The Commission assessed the deviation in bad debts written off at Rs. 2.96 Crore as a loss and considered it as controllable item.

The Commission, accordingly, approves the Gains/(Losses) on account of bad debts written off in the truing up for FY 2014-15, as detailed below:

Table 4.28: Bad Debts Written off and Gains / (Losses) Approved in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Bad Debts written off	1.50	4.46	(2.96)	(2.96)	0.00

4.5.8 Contingency Reserve

Petitioner's Submission

TPL has proposed the contingency reserve at Rs. 0.60 Crore in the truing up for FY 2014-15, which is the same as the one approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.29: Contingency Reserve claimed for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
1	Contingency Reserve	0.60	0.60

Commission's Analysis

The proposed contingency reserve is consistent with the approvals accorded in the previous years.

The Commission, accordingly, approves the contingency reserve of Rs. 0.60 Crore in the truing up for FY 2014-15 and also observes that there is no deviation in the contingency reserve.

Table 4.30: Contingency Reserve and Gains / (Losses) Approved in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Contingency Reserve	0.60	0.60	-	-	-

4.5.9 Prompt payment rebate

The Commission had approved an amount of Rs. 28.91 Crore towards Prompt Payment Rebate for FY 2014-15 in the MTR Order. The actual, as per annual accounts, is Rs. 35.24 Crore. TPL has excluded the Prompt Payment Rebate from the approved ARR, as well as Revenue. The Commission approves the actual Prompt Payment Rebate of Rs. 35.24 Crore as per annual accounts and considers the revenue, including the Prompt Payment Rebate.

The variance of Rs. 6.33 Crore is allowed as a deviation due to uncontrollable factors, as detailed below:

Table 4.31: Prompt Payment Rebate and Gains / (Losses) Approved in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable factors
Prompt Payment Rebate	28.91	35.24	(6.33)	-	(6.33)

4.5.10 Return on Equity

TPL has claimed a sum of Rs. 157.86 Crore towards return on equity @ 14% in the truing up for FY 2014-15, as against Rs. 161.01 Crore approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.32: Return on Equity Claimed for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
1	Opening Equity	1,140.93	1,103.96
2	Equity Addition During the Year	18.31	47.23
3	Closing Equity During the Year	1,159.24	1,151.19
4	Average of Opening and Closing	1,150.08	1,127.57
5	**Return on Equity**	**161.01**	**157.86**

Petitioner's Submission

TPL has submitted that the closing balance of equity has been arrived at by considering additional equity of 30% of the capitalisation during the year. The return on equity has been computed by applying a rate of 14% on the average of the opening and closing balance of equity for FY 2014-15.

Commission's Analysis

The opening equity for FY 2014-15 is as per the closing equity for FY 2013-14 approved in the True-up for FY 2013-14. TPL has followed the same methodology, while computing the Return on Equity for FY 2014-15.

The Commission, accordingly, approves the return on equity as Rs. 157.86 Crore in the truing up for FY 2014-15, as given in the Table below:

Table 4.33: Return on Equity Approved for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Actual claimed in Truing up for FY 2014-15	Approved in Truing for FY 2014-15
1	Opening Equity	1,103.96	1,103.96
2	Equity Addition During the Year	47.23	47.23
3	Closing Equity During the Year	1,151.19	1,151.19
4	Average Equity	1,127.57	1,127.57
5	Return on Equity @ 14%	**157.86**	**157.86**

As noted in Para 4.5.4 above, the Commission is of the view that the Return on Equity should be treated as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of return on equity in the truing up for FY 2014-15 as detailed below:

Table 4.34: Return on Equity and Gains / (Losses) Approved in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontroll able Factors
Return on Equity	161.01	157.86	3.15	-	3.15

4.5.11 Income Tax

TPL has claimed Rs. 33.25 Crore towards income tax in the truing up for FY 2014-15, against Nil approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.35: Income Tax Claimed by TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
1	Income Tax	-	33.25

Petitioner's Submission

The Petitioner has claimed Income Tax for FY 2014-15 as per certified financial statement. The Petitioner further states that PBT for FY 2013-14 and FY 2014-15 was including the provision made in the books for the purchase of power from UNOSUGEN. The same was provided for in the accounts pending the approval of UNOSUGEN as a source of power for TPL-D. As the regulatory approval has not come yet, the Petitioner could not include the same in the cost. Therefore, the Petitioner has reversed the provisions made in FY 2013-14 and FY 2014-15 in the current years' accounts i.e. in FY 2015-16. In turn, the Petitioner has given the effect of such reversal of UNOSUGEN Cost of FY 2014-15 and arrived at the claim for Income tax based on actual tax paid.

Commission's Analysis

TPL has claimed Rs. 33.25 Crore towards Income Tax for FY 2014-15. The profit before tax for FY 2014-15 as per Certified Financial Statement of Ahmedabad Supply Area is Rs. 9.54 Crore. With reference to a query from the Commission TPL has submitted details of Income Tax claimed stating that Income Tax of Rs. 150.40 Crore has been paid on PBT of Rs. 1109.05 Crore for TPL as a whole on standalone basis as given below:

Table 4.36: Details of Income Tax claimed for FY 2014-15

(Rs. Crore)

Particulars	TPL-G (APP)	TPL-D (A)	TPL-D (S)
PBT as per Accounts	20.98	9.54	29.83
Add: UNOSUGEN Cost	-	235.62	120.90
Total PBT	20.98	245.16	150.73
Actual Tax claimed in True-up	**2.85**	**33.25**	**20.44**

The total tax paid is Rs. 150.40 Crore for FY 2014-15 on PBT of Rs. 1109.05 Crore for TPL as a whole. The Petitioner has submitted that PBT for FY 2013-14 and FY 2014-15 was including the provision made in the books for the purchase of power from UNOSUGEN as a source of power for TPL-D. TPL has further submitted that as regulatory approval has not come yet, TPL could not include the same in the cost. TPL has therefore reversed the provisions made in FY 2013-14 and FY 2014-15 in the current year accounts i.e., in FY 2015-16 and added that reversal amount of Rs. 235.62 Crore to PBT of FY 2014-15 and claimed Rs. 33.25 Crore towards Income Tax in proportion to the total tax paid on the total PBT of the TPL as a whole. Since, this is a notional entry, the Commission has not taken cognizance of the same. Accordingly, the Commission considers the Income Tax based on the actual tax paid in proportion to the PBT of TPL-D as per the accounts of FY 2014-15.

The Commission verified the PBT figures with the Annual Accounts for FY 2014-15 and has found that the Petitioner has shown a PBT of Rs. 9.54 Crore. The Commission has computed the Income Tax for the Petitioner, based on the proportion of PBT of TPL as a whole. The Income Tax apportioned to TPL (D) Ahmedabad supply area on proportionate basis is Rs. 1.29 Crore.

The Commission has treated the income tax as an uncontrollable expense and, accordingly, approved the gains / losses on account of income tax in the truing up for FY 2014-15, as detailed in the Table below:

Table 4.37: Income tax and Gains / (Losses) due to Income tax Approved in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable factors	Gains / (Losses) due to Uncontrollable factors
Income Tax	-	1.29	(1.29)	-	(1.29)

4.5.12 Non-Tariff income

TPL has furnished the Non-Tariff income at Rs. 108.68 Crore in the truing up for FY 2014-15, as against Rs. 88.10 Crore approved in the MTR Order for FY 2014-15, as detailed in the Table below:

Table 4.38: Non-Tariff Income Claimed for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in the MTR Order	Actual claimed in Truing up for FY 2014-15
Non-Tariff Income	88.10	108.68

Petitioner's Submission

The Petitioner has submitted that the actual Non-Tariff income for FY 2014-15 was Rs. 108.68 Crore. The Petitioner has further submitted that it excludes the income from insurance claim of Rs. 0.49 Crore. The income from insurance claim receipt has been considered as part of the O&M expenses. The variation is mainly on account of increase in realisation through Meter rent and other miscellaneous income.

The recovery of bad debts for FY 2014-15 is Rs. 3.91 Crore. In the present petition, the Petitioner has considered treatment towards income and expense of bad debts on similar lines. Hence, it has considered recovery of bad debts as controllable.

Commission's Analysis

The Commission has verified the Non-Tariff income with the annual accounts for FY 2014-15 and found it to be Rs. 113.89 Crore which includes Rs. 4.72 Crore, provision for doubtful debt no longer required and Rs. 0.49 Crore towards insurance claim.

The Commission, accordingly, approves the Non-Tariff income at Rs. 108.68 Crore in the truing up for FY 2014-15, as per annual accounts.

The Commission considers the recovery of bad debts of Rs. 3.91 Crore as controllable.

The Commission, accordingly, approves the Gains/(Losses) on account of Non-Tariff income in the truing up for FY 2014-15, as detailed below:

Table 4.39: Non-Tariff Income and Gains / (Losses) Approved in the Truing up for FY 2014-15

(Rs. Crore)

Particulars	Approved for FY 2014-15 in MTR Order	Approved in Truing up for FY 2014-15	Deviation +/(-)	Gains / (Losses) due to Controllable Factors	Gains / (Losses) due to Uncontrollable Factors
Non-Tariff Income	88.10	108.68	(20.58)	(1.84)	(18.74)

4.5.13 Revenue from Sale of Power

Petitioner's Submission

TPL has furnished the revenue from sale of power at Rs. 4408.65 Crore in the truing up for FY 2014-15, as against Rs. 4175.76 Crore approved in the Tariff Order dated 29th April, 2014 for FY 2014-15, as detailed in the Table below:

Table 4.40: Revenue with Existing Tariff Claimed for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2014-15 in the Tariff Order	Actual claimed in Truing up for FY 2014-15
1	Revenue from Existing Tariff	4175.76	4408.65

Commission's Analysis

TPL has presented the revenue from sale of energy at Rs. 4408.65 Crore in Note 15 of annual accounts by deducting prompt payment rebate. As noted in Para 4.5.9 above, TPL has excluded the prompt payment rebate from the approved ARR, as well as revenue. However, the Commission has taken into consideration the prompt payment rebate of Rs. 35.24 Crore mentioned in Note 18 of the annual accounts. Since prompt payment rebate is considered as expenditure in the ARR, the Commission considers the gross revenue at Rs. 4443.89 (4408.65+35.24) Crore in the truing up for FY 2014-15.

The Commission, accordingly, approves the revenue from sale of power at Rs. 4443.89 Crore in the truing up for FY 2014-15.

4.5.14 Gains/(Losses) Under Truing up for FY 2014-15

The Commission has reviewed the performance of TPL-D Ahmedabad Supply Area under Regulation 22 of GERC (MYT) Regulations, 2011, with reference to the annual accounts for FY 2014-15. The Commission has computed the Gains/(Losses) for FY 2014-15, based on the truing up for each of the components discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the MTR Order dated 29th April, 2014, read with APTEL Judgement dated 16.02.2015, and the actuals claimed in truing up, approved for truing up, Gains/(Losses) computed in accordance with the GERC (MYT) Regulations, 2011 are as given in the Table below:

Table 4.41: ARR Approved in Respect of TPL-D Ahmedabad in the Truing up or FY 2014-15

(Rs. Crore)

Sl. No.	Annual Revenue Requirement	Approved for FY 2014-15 in MTR Order	Claimed in Truing up for FY 2014-15	Approved in Truing up for 2014-15	Deviation +/(-)	Gains/ (Losses) due to controllable factors	Gains/ (Losses) due to uncontrollable factors
1	2	3	4	5	6=(3-5)	7	8
1	Power purchase Cost	3543.02	3758.30	3773.87	(230.85)	60.88	(291.73)
2	Operations and Maintenance expenses	229.00	259.40	259.40	(30.40)	(30.40)	0.00
3	Depreciation	113.75	114.92	114.92	(1.17)		(1.17)
4	Interest on Loans	60.40	64.36	64.36	(3.96)		(3.96)
5	Interest on Security Deposit	38.72	37.50	37.50	1.22		1.22
6	Interest on working capital	0.00	0.00	0.00	0.00		0.00
7	Bad Debts	1.50	4.46	4.46	(2.96)	(2.96)	0.00
8	Contingency Reserve	0.60	0.60	0.60	0.00		0.00
9	Prompt payment rebate	28.91		35.24	(6.33)		(6.33)
10	Return on equity	161.01	157.86	157.86	3.15		3.15
11	Income Tax	0.00	33.25	1.29	(1.29)		(1.29)
12	Less: Non-Tariff income	88.10	108.68	108.68	(20.58)	(1.84)	(18.74)
13	**Aggregate Revenue Requirement**	**4088.81**	**4321.97**	**4340.82**	**(252.01)**	**29.36**	**(281.37)**

4.5.15 Sharing of Gains/(Losses) for FY 2014-15

The Commission has analysed the Gains/(Losses) on account of controllable and uncontrollable factors.

The relevant Regulations are extracted below:

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

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

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

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

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

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

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

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

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

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

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

The trued up ARR for FY 2014-15 as claimed by TPL-D Ahmedabad and as approved by the Commission is summarized in Table below:

Table 4.42: Trued up ARR incl. Gains/(Losses) for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars		Claimed in Truing up for FY 2014-15	Approved in Truing up for FY 2014-15
1	ARR as per MTR Order	(a)	4088.81	4088.81
2	Gains/(Losses) due to Uncontrollable Factors	(b)	(262.47)	(281.37)
3	Gains/(Losses) due to Controllable Factors	(c)	29.31	29.36
4	Pass through as tariff	d= -(1/3rd of c+ b)	252.70	271.58
5	**ARR True-up**	**e=a+d**	**4341.51**	4360.39

The Petitioner has submitted to consider the amount of Rs. 587.05 Crore in respect to various Judgements issued by Hon'ble APTEL and consequential orders issued by the Commission in regard to those Judgements.

The Commission has verified the contentions of the Petitioner. The impact of various Judgements of Hon'ble APTEL is tabulated below.

Sr. No.	Hon'ble APTEL Judgement	Impact (in Rs. Crore)	Remarks
1	Judgement dated 06.05.2015 on Appeal Nos. 150 & 151 / 2015	510.69	(i) Earlier period gap against True-up of FY 2010-11 i.e. Rs. 115.84 Crore + (ii) Earlier period gap against True-up of FY 2012-13 i.e. Rs. 394.66 Crore +

Sr. No.	Hon'ble APTEL Judgement	Impact (in Rs. Crore)	Remarks
			(iii) Earlier period gap w.r.t. Commission's Order dated 04.09.2013 on Petition No. 1323/2013 i.e. Rs. 0.19 Crore
2	Judgement dated 06.05.2015 on Appeal Nos. 150/2015 & 151/2015	(0.37)	-
3	Judgement dated 28.11.2013 on Appeal Nos. 190/2011, 162/2012 & 163/2012	4.75	-
4	Judgement dated 28.11.2013 on Appeal Nos. 190/2011, 162/2012 & 163/2012	3.07	Total impact of the Judgement is Rs. 4.58 Crore in respect to TPL-G (APP). The same impact has been segregated between TPL-D (A) (Rs. 3.07 Crore) & TPL-D (S) (Rs. 1.51 Crore)
5	Judgement dated 11.12.2015 in Appeal Nos. 142/2015, 143/2015 & 145/2015	68.90	Gap of earlier period i.e. FY 2007-08 (Rs. -4.57 Crore), FY 2008-09 (Rs. 25.58 Crore) & 2009-10 (Rs. 47.89 Crore)
	Total Impact	**587.04**	

Accordingly, the Commission considers past period gap of Rs. 587.04 Crore.

The revenue gap claimed and approved for Ahmedabad supply area for FY 2014-15 are detailed in the Table below:

Table 4.43: Revenue Gap for TPL-D Ahmedabad for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	Claimed in Truing up for FY 2014-15	Approved in Truing up for FY 2014-15
1	**Trued-up ARR**	**4341.51**	4360.39
2	Revenue from Sale of Energy	4408.65	4443.89
3	Less: Revenue towards recovery of Earlier Years' approved Gap/(Surplus)	587.05	587.04
4	**Balance Revenue**	**3821.60**	3856.85
5	**Gap / (Surplus)**	**519.91**	**503.54**

Accordingly, the Commission now considers the true-up gap of Rs. 503.54 Crore for FY 2014-15 for determination of tariff for FY 2016-17.

5. Determination of Tariff for FY 2016-17

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus, as well as consumer tariff for the FY 2016-17 for TPL-D. The Commission has considered the ARR approved in the Mid-term Review for FY 2015-16 as provisional ARR for FY 2016-17 and the adjustment on account of True-up for FY 2014-15, while determining the revenue gap/surplus for FY 2016-17.

5.2 Approved ARR for FY 2016-17

Based on the above approach, the Table below summarises the Annual Revenue Requirement, as approved by the Commission for the FY 2016-17.

Table 5.1: Provisionally Approved ARR for Ahmedabad Supply Area FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	Provisional ARR for FY 2016-17
1	Power Purchase Cost	3994.31
2	Operations and Maintenance Expenses	242.10
3	Depreciation	117.71
4	Interest on Loans	52.83
5	Interest on working Capital	0.00
6	Interest on Security Deposit	42.59
7	Bad debts Written off	1.50
8	Contingency Reserve	0.60
9	Prompt Payment Rebate#	0.00
10	Return on equity	163.93
11	Income Tax	0.00
12	**Total Expenditure**	**4615.57**
13	Less: Non-Tariff income	88.10
14	**Aggregate Revenue Requirement**	**4527.47**

Since, as per GERC (MYT) Regulations, 2016, expense on account of Prompt Payment Rebate is not allowed as a pass-through, the Commission has reduced the ARR for FY 2016-17 to that extent.

5.3 Projected Revenue from existing tariff for FY 2016-17

TPL-D has projected the Revenue from sale of power as Rs. 4798.76 Crore for FY 2016-17 with existing Tariff, including FPPPA @ Rs. 1.23 per kWh as given in the Table below:

Table 5.2: Revenue Gap submitted for Determination of Tariff of Ahmedabad Supply Area for FY 2016-17

(Rs. Crore)

Particulars	TPL-D (A)
Revised ARR	4527.47
Less: Revenue from Sale of Power at Existing Tariff Rates, including	4798.96

Particulars	TPL-D (A)
FPPPA @ Rs. 1.23 per unit	
Revenue from Open Access Charges	72.78
Net Gap/(Surplus)	**(344.27)**

Commission's Analysis

The Commission has reviewed the sales projected in the Mid-term Review and approved the sales of 7483.45 MUs for FY 2016-17. The Commission has recomputed the sales revenue, based on the sales approved and applying FPPPA @ Rs. 1.23 per kWh, as detailed in the Table below:

The Revenue, as projected for FY 2016-17, and approved by the Commission are given in the Table below:

Table 5.3: Approved Sales and Category-Wise Revenue for FY 2016-17

Sl. No	Particulars	Projected by TPL		Approved by the Commission	
		MUs	(Rs. Crore)	MUs	(Rs. Crore)
1	RGP	2438.96	1297.27	2438.96	1297.27
2	BPL	9.79	4.28	9.79	4.28
3	Non-RGP	1015.22	678.52	1015.22	678.52
4	LTMD-1	170.08	111.95	170.08	111.95
5	LTMD-2	1683.59	1191.54	1683.59	1191.54
6	HTMD-1	1968.49	1387.52	1968.49	1387.52
7	HTMD-2	112.39	81.26	112.39	81.26
8	Agriculture	8.11	3.64	8.11	3.64
9	GLP	14.10	8.35	14.10	8.35
10	Temp-LT	1.47	1.47	1.47	1.47
11	Temp-HT	0.11	0.22	0.11	0.22
12	SL	61.14	32.93	61.14	32.93
13	**Total**	**7483.45**	**4798.96**	**7483.45**	**4798.96**

5.4 Target for FY 2016-17 for Reduction in Distribution Loss

TPL-D (A) is directed to achieve distribution loss level at 7.50% for FY 2016-17. This targeted distribution loss level shall also be considered to work out final ARR for FY 2016-17 as per the GERC (MYT) Regulations, 2016. While truing up of FY 2016-17, gain/loss on account of variation in distribution loss shall be considered based on 7.50% distribution loss.

5.5 Estimated Revenue and Revenue Gap/(Surplus) for FY 2016-17

The Commission has considered the total category-wise sales, as approved in the Mid-term Review Order and applied the existing tariff on the approved sales for each category of consumers. The revenue from sale of power, computed by the

Commission at existing tariff, is Rs. 4798.96 Crore including FPPPA. The FPPPA rate has been considered at Rs. 1.23 per unit. The revenue from sale of power is Rs. 4798.96 Crore net off prompt payment rebate of Rs. 39.16 Crore. The Commission also considered Revenue from Open Access consumers based on energy estimated by TPL-D (A) in its Mid-term Review petition for FY 2015-16. The estimated gap for FY 2016-17 is given in the Table below:

Table 5.4: Approved Revenue Gap/(Surplus) for FY 2016-17 at the Existing Tariff

(Rs. Crore)

Sl. No	Parameters	Approved by the Commission
1	ARR for FY 2016-17	4527.47
2	Less: Revenue from Sale of Power at Existing Tariff Rates, including FPPPA @ Rs. 1.23 per unit	4798.96
3	Less: Revenue from Open Access Consumers	102.50
4	**Net Gap/(Surplus)**	**(373.99)**

5.6 Cumulative Revenue Gap/(Surplus)

TPL has submitted cumulative Revenue Gap/(Surplus) for determination of Tariff of Ahmedabad Supply Area for FY 2016-17 as detailed in the Table below:

Table 5.5: Cumulative Revenue (Gap)/Surplus for determination of Tariff of Ahmedabad Supply Area for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	TPL-D (A)
1	Gap/ (Surplus) of FY 2014-15	519.91
2	Clarification/ Rectification Order	135.63
3	Carrying Cost	144.44
4	**Gap/ (Surplus) of FY 2016-17**	**(344.27)**
5	**Cumulative Gap/ (Surplus) to be recovered through tariff**	**455.71**

Carrying Cost

TPL has submitted that as per the Commission's order dated 3rd June, 2015 in Case No. 1453/2014, the Petitioner has computed the carrying cost for the balance outstanding recoveries of earlier periods.

The Petitioner has arrived at carrying cost of Rs. 107.23 Crore for the Gap/ (Surplus) of FY 14-15 for TPL-D (A). Also, the Petitioner has calculated the carrying cost for FY 08-09 to FY 12-13 after incorporating adjustments subsequent to orders/judgments of the Commission and the Tribunal in the respective years' Gap/(Surplus). This has resulted in a further claim of Rs. 37.21 Crore for TPL-D (A) over and above the carrying cost approved by the Commission for the said corresponding years.

Accordingly, the Petitioner requests the Commission to consider the total carrying cost of Rs. 144.44 Crore for TPL-D (A) in the gap/ (surplus) as per the approved numbers.

Order on Clarification/ Rectification Petition

Further, the Tribunal issued judgement in Appeal Nos. 190 of 2011 and 162 & 163 of 2012 dated 28th November, 2013. The Commission then issued its order dated 18th July, 2014 for implementation of this judgement. Subsequently, the Petitioner had filed a clarificatory petition against the above order of the Commission. The Commission has passed the order dated 3rd June, 2015 on the said clarificatory petition. The impact determined by the Commission by that order has been bifurcated between both the license areas based on their respective Gap/(Surplus) approved by the Commission. Accordingly, the Petitioner requests the Commission to consider Rs. 135.63 Crore for TPL-D (A) in the gap/ (surplus) as per the approved numbers.

Commission's Analysis

The cumulative gap considered by the Commission for determination of Tariff for FY 2016-17 in respect of Ahmedabad Supply Area is detailed in the Table below:

Table 5.6: Cumulative Revenue Gap/ (surplus) as claimed by TPL and approved by the Commission for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	Claimed by TPL	Approved by the Commission
1	Gap/ (Surplus) of FY 2014-15	519.91	503.54
2	Clarification/ Rectification Order	135.63	135.63
3	Carrying Cost	144.44	144.44
4	**Gap/ (Surplus) of FY 2016-17**	**(344.27)**	(373.99)
5	**Cumulative Gap/ (Surplus) to be recovered through tariff**	**455.71**	**409.62**

The Commission approves the cumulative gap at Rs. 409.62 Crore for determination of Tariff for FY 2016-17.

5.7 Consolidated Revenue Gap for TPL Distribution

As shown in Table 5.7, the Commission has estimated the total Revenue Gap of TPL Ahmedabad at Rs. 409.62 Crore for the FY 2016-17. Similarly, the Commission has estimated the revenue gap of TPL Surat area in the Tariff Order in Petition No. 1553/2015 at Rs. 150.88 Crore for the FY 2016-17.

Table 5.7: Consolidated gap computed for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	TPL Ahmedabad	TPL Surat	Total
1	Total Revenue Gap / (Surplus) for FY 2016-17	409.62	150.88	560.50

Accordingly, the Commission considers the total consolidated gap of Rs. 560.50 Crore for TPL Distribution area for determination of tariff for FY 2016-17.

The above mentioned gap is inclusive of gap / surplus up to FY 2014-15. It is pertinent to mention here that revenue for FY 2014-15 for TPL-D is short by 81 Paise/unit as actual FPPPA in FY 2014-15 was not allowed to be recovered from the consumers by the Commission. The said under-recovery was allowed by the Commission from Q2 of FY 2015-16. The Commission has received submission of Q3 FY 2015-16 FPPPA from TPL- D. As per this latest submission, it reveals that TPL-D shall complete the recovery of 76 Paise/unit by March 2016. Looking to the huge gap arrived at to be addressed while determining tariff for FY 2016-17, to mitigate the impact of this past period gap on consumers to some extent, the Commission finds it appropriate to consider the revenue of Rs. 90 Crore against the revenue of FY 2014-15 being the recovery of FPPPA pertaining to that year though TPL-D has realised it in the FY 2015-16. It is hereby also clarified that the actual revenue as appearing in the Annual Accounts of TPL-D (A) and TPL-D (S) for FY 2015-16 shall be reduced by Rs. 90 Crore while carrying out truing up of FY 2015-16.

Accordingly, the Commission has considered Rs. 560.50 – Rs. 90.00 = Rs. 470.50 Crore as consolidated gap to work out “Regulatory Charge”.

The Commission hereby decides to allow the recovery of Rs. 470.50 Crore as the “Regulatory Charge” at 45 Paise/unit from all the categories of consumers of TPL Ahmedabad, Gandhinagar and Surat during FY 2016-17. It is estimated that the full recovery will be completed by 31st March 2017. However, if due to variation in energy sales during FY 2016-17 the said recovery gets completed prior to 31st March 2017, TPL-D shall stop the recovery of “Regulatory Charge” from the consumers.

In order to make the recovery of the “Regulatory Charge” transparent, TPL-D is hereby directed to submit a statement of actual recovery of “Regulatory Charge” along with units sold on bi-monthly basis to the Commission duly certified by the Statutory Auditors and host the same on their website.

Further, looking to the present downward trend in the fuel price, particularly gas price, the actual FPPPA of TPL-D is expected to reduce. Accordingly, TPL-D is hereby directed to restrict the recovery of FPPPA at ceiling limit of Rs. 1.35/unit during FY 2016-17.

TPL-D is directed to incorporate a separate line item in the electricity bills of the consumers for effecting the recovery of "Regulatory Charge".

6. Compliance of Directives

6.1 Compliance of Earlier Directives

The Commission, in its Tariff Order dated 31st March, 2015, in case No. 1467/2014 had issued a directive to TPL, in pursuance of which, TPL submitted a compliance of the said directive. The comments of the Commission on the submission / compliance of TPL are given below.

Earlier Directive

TPL-D (A) shall continue the efforts to enter agreements for purchase of renewable energy to meet the RPO obligation.

Compliance vide petition dated 29th November, 2014

In compliance to the directive, TPL-D is making all efforts to enter into agreement to meet the RPO obligation. The Petitioner has signed PPA with Torrent SolarGen Limited for purchase of power to be generated by 51 MW solar photovoltaic grid interactive power plant. The project has been commissioned in March, 2015. It has published advertisements in the newspapers for supply of power from the renewable energy sources on 7th April, 2014 in the leading newspapers in Gujarat and in India covering major cities both at state and national level. The Petitioner will continue to make its efforts to sign PPAs to meet its RPO.

Commission's Comments

TPL-D (A) shall continue the efforts to enter into agreements for purchase of renewable energy at competitive rates to meet the RPO obligation.

6.2 Fresh Directive

Directive 1: Recovery of "Regulatory Charge"

TPL-D is directed to submit a statement of actual recovery of "Regulatory Charge" along with units sold on bi-monthly basis to the Commission duly certified by the Statutory Auditors and shall also host these details on their website.

Directive 2: Interest cost reduction

TPL-D is directed to negotiate with the lenders for reduction in the rate of interest on the borrowings failing which they should replace high cost debt with low cost debt so that the net benefit of interest cost reduction is available to the consumers.

TPL-D shall furnish Quarterly Progress Report about the action taken and results thereof.

7. Fuel and Power Purchase Price Adjustment

7.1 Fuel Price and Power Purchase Price Adjustment

The Commission in Case No. 1309/2013 and 1313/2013 vide its order dated 29.10.2013 has revised the formula for Fuel Price and Power Purchase Cost Adjustment (FPPPA) as mentioned below:

7.2 Formula

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

Where,

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

7.3 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for all TPL-D including fixed cost, variable cost etc. from the various sources in the Mid-Term Review of Business Plan as given in the Table below:

Year	Total Energy Requirement (MUs)	Approved Power Purchase Cost (Rs. Crore)	Power Purchase Cost per unit (Rs./kWh)
FY 2016-17	11690	5654.33	4.84

As mentioned above the base Power Purchase cost for TPL-D is Rs. 4.84 per kWh and the base FPPPA charge is Rs. 1.23/kWh.

TPL may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 7.2 above.

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

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

FPPPA calculations shall be submitted to the Commission within one month from end of the relevant quarter.

8. Wheeling Charges and Cross-Subsidy Surcharge

8.1 Introduction

Regulation 88.1 of GERC (MYT) Regulations, 2011, stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensee in its ARR and Tariff order.

8.2 Wheeling charges

Petitioner's Submission

TPL has allocated the total ARR expenditure of TPL-D to wheeling and retail supply business considering the distribution infrastructure up to the service line as part of wheeling business and the distribution infrastructure from service line to consumer premises as part of the retail supply business. The segregation of components into wheeling and retail supply business has been done by TPL based on the following allocation matrix:

Table 8.1: Allocation matrix for segregation to Wheeling and Retail Supply submitted by TPL-D Ahmedabad supply area for FY 2016-17

Sl. No.	Particulars	Wire business (%)	Retail Supply business (%)
1	Power purchase expenses	0	100
2	Employee expenses	60	40
3	Administration and General expenses	50	50
4	Repairs and Maintenance expenses	90	10
5	Depreciation	90	10
6	Interest on long term loan capital	90	10
7	Interest on working capital and consumer security deposit	10	90
8	Bad debt written off	0	100
9	Income tax	90	10
10	Contribution to contingency reserve	100	0
11	Return on equity	90	10
12	Non-Tariff income	10	90

On the basis of the above allocation matrix TPL segregated total ARR of Ahmedabad supply area into ARR for wheeling and retail supply business as shown below:

a. ARR of Wheeling Business – Rs. 457.44 Crore

b. ARR of Retail Supply Business – Rs. 4070.02 Crore

Determination of Wheeling Charges

Due to difficulties in segregating costs at HT and LT level, the ARR for wheeling business, TPL-D has proposed to apportion the cost between the HT and LT level in proportion to the ratio of their GFA. The HT level assets were further proposed to be segregated between HT and LT voltage levels as per peak load of the Ahmedabad Supply Area.

It is submitted by TPL-D that;

- The GFA (excluding assets related to retail supply i.e. SLC and Meters) for Ahmedabad Supply Areas as on 31st March, 2015 is Rs. 2658.46 Crore. In case of Ahmedabad Supply Area, the GFA identified for HT & LT business are Rs. 1930.60 Crore & Rs. 727.85 Crore, respectively. The ratio of HT assets to LT assets is 73:27, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.

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

- The system peak demand for Ahmedabad Supply Area for the year FY 2014-15 is estimated as 1534 MW. In case of Ahmedabad Supply Area, the contract demand for all the HT consumers is about 612 MW. Assuming that 85% of the contact demand of HT consumers contributes to the system peak demand, the total demand of LT contributing to the system peak is computed as 1013.55 MW.

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

Table 8.2: Projected Wheeling charges in cash of Ahmedabad area for FY 2016-17

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	329.44
LT Voltage	128.00
Total	457.44
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	122.45
LT Voltage	334.99
Total	457.44
Wheeling Charge in Rs/ kW/ month	
HT Voltage	200.11

LT Voltage	323.85
Wheeling Charge in Rs/ kWh	
HT Voltage	0.59
LT Voltage	0.62

TPL-D also requested the Commission to decide the appropriate mechanism to avoid any under-recovery in case of under-utilization of Open Access capacity booked by the consumers in line with the Judgment of Hon'ble Tribunal.

TPL-D has further stated that an Open Access consumer will also have to bear the following wheeling charges in kind in addition to the wheeling charges in cash mentioned above.

Table 8.3: Proposed Wheeling charges in kind of Ahmedabad area

Particulars	FY 2016-17 Ahmedabad Area
HT Category	4.00%
LT Category	7.65%

Commission's Analysis

The Commission, in order to compute the wheeling charges and cross subsidy surcharges, has considered the allocation matrix between the wheeling and retail supply business as per GERC (MYT) Regulations, 2011.

The allocation matrix and the basis of allocation of various cost components of the ARR as per GERC (MYT) Regulations, 2011 are shown below:

Table 8.4: Allocation matrix for segregation to Wheeling and Retail Supply for TPL-Ahmedabad Supply Area for FY 2016-17 as per GERC Regulations

Sl. No.	Particulars	Wire Business (%)	Retail Supply Business (%)
1	Power purchase expenses	0	100
2	Employee expensed	60	40
3	Administration and General expenses	50	50
4	Repairs and Maintenance expenses	90	10
5	Depreciation	90	10
6	Interest on long term loan capital	90	10
7	Interest on working capital and consumer security deposit	10	90
8	Bad debt written off	0	100
9	Income tax	90	10
10	Contribution to contingency reserve	100	0
11	Return on equity	90	10
12	Prompt payment rebate	0	100
13	Non-Tariff income	10	90

Based on the above allocation, the approved ARR for wires business and retail supply business are computed as shown below.

Table 8.5: Allocation ARR between wheeling and retail supply business for Ahmedabad for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	Total	Wire Business	Retail Supply business
1	Power purchase expenses	3994.31	0.00	3543.02
2	O&M expenses	242.10		
	i) Employee expenses	97.54	58.52	39.02
	ii) R&M expenses	73.92	66.53	7.39
	iii) A&G expenses	70.64	35.32	35.32
3	Depreciation	117.71	105.94	11.77
4	Interest on loan	52.83	47.55	5.28
5	Interest on consumer security deposit	42.59	4.26	38.33
6	Interest on working capital	0.00	0.00	0.00
7	Provision for bad debt	1.50	0.00	1.50
8	Income tax	0.00	0.00	0.00
9	Contribution to contingency reserve	0.60	0.60	0.00
10	Return on equity	163.93	147.54	16.39
11	Prompt Payment Rebate	30.36	0.00	28.91
12	Less: Non-Tariff income	88.10	8.81	79.29
13	**Net ARR**	4557.83	457.44	3647.64

The above allocations of ARR are used for determination of charges and cross subsidy surcharge for FY 2016-17.

The Commission considered the proposal of TPL-D for apportionment of ARR between HT and LT voltage level as mentioned in para 8.2, which is also in tune with the judgement of Hon'ble Tribunal in Appeal no 32 of 2012. Based on the above the wheeling charges in cash are approved as given in the table below:

Table 8.6: Wheeling charges for HT voltage level

Particulars	
First Level Segregation of ARR in Rs. Crore	
HT Voltage	333.93
LT Voltage	123.51
Total	457.44
Second Level Segregation of ARR in Rs. Crore	
HT Voltage	113.24
LT Voltage	344.20
Total	457.44
Wheeling Charge in Rs/ kW/ month (For Long-term and Medium-term Open Access consumers)	
HT Voltage	181.41
LT Voltage	282.93
Wheeling Charge in Rs/ kWh (For Short-term Open Access consumers)	

Particulars	
HT Voltage	0.54
LT Voltage	0.64

The Open Access consumer will also have to bear the following losses in addition to the wheeling charges.

Table 8.7: Approved Wheeling charges in kind

Particulars	FY 2016-17 Ahmedabad Area
HT Category	4.00%
LT Category	7.65%

8.3 Cross Subsidy Surcharge

Petitioner's Submission

Determination of Cross-Subsidy Surcharge

TPL-D has proposed the cross subsidy for HTMD-1 and HTMD-2 category consumer as 148 Paisa/kWh and 166 Paisa/kWh.

Commission's Analysis

Hon'ble APTEL in its judgement on the issue of formula for calculation of Cross-subsidy has endorsed the use of the formula depicted in the Tariff Policy. The Central Government has recently issued Tariff Policy, 2016. According to this policy the formula for Cross Subsidy Surcharge is as under;

$S = T – [C / (1 - L/100) + D + R]$

Where,

S is the surcharge

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

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

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

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

R is the per unit cost of carrying regulatory assets.

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

Table 8.8: Cross subsidy surcharge for FY 2016-17

Sl. No.	Particulars	HT Industry
1	T - Tariff for HT Category (Rs./kWh)	7.57
2	C - Wt. Avg. Power Purchase Cost (Rs./kWh)	4.84
3	D - Wheeling Charge (Rs./kWh)	0.54
4	L - Aggregate T&D Loss (%)	4%
5	R - per unit cost of carrying regulatory assets (Rs./kWh)	0
6	S = Cross subsidy surcharge (Rs./kWh)	1.99

S = 7.57 - [4.84 / (1-4/100) + 0.54 + 0.00

= 1.99 Rs./kWh

Thus, Cross subsidy surcharge as per Tariff Policy, 2016 works out to Rs. 1.99 /kWh. However, Tariff Policy, 2016 provides that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

In view of above, the Commission decided to restrict the Cross Subsidy Surcharge leviable from the consumers of TPL- D (A) seeking Open Access, for FY 2016-17 at Rs. 1.51 /kWh.

Accordingly, Cross subsidy surcharge for HT Category = 1.51 Rs./kWh for FY 2016-17.

9. Tariff Philosophy and Tariff Proposals

9.1 Introduction

The Commission is guided by the provisions of the Electricity Act, 2003, the National Electricity Policy, the Tariff Policy, the Regulations on Terms and Conditions of Tariff issued by the Central Electricity Regulatory Commission (CERC) and GERC (MYT) Regulations, 2011 notified by the Commission.

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

9.2 Proposal of TPL for increase in Retail Tariffs for Ahmedabad & Surat for FY 2016-17

Tariff Philosophy

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

A. Consumers' capacity to pay
B. Correct recovery of fixed charges, which is depictive of the fixed costs
C. Adhering to the band of cross subsidy prescribed by Tariff Policy
D. Incentivising energy conservation through telescopic tariff
E. Demand Side Management by shifting of consumption from peak hours to off-peak hours
F. Promotion of efficient use of electricity

Determination of Retail Tariff

The Petitioner does not propose any change in tariff rates of existing tariff categories. However, the Petitioner proposes to recover the cumulative gap of Rs. 455.71 Crore through "Regulatory Charge" effective from 1st April, 2016 till the time such cumulative gap gets recovered instead of seeking tariff increase. The Petitioner submits that it anticipates that even with the introduction of said "Regulatory Charge", there will not be any increase in electricity bills of the consumers as the Petitioner foresees reduction in its power purchase cost primarily due to GoI's appreciable initiative on utilization of gas based power plants. Consequently, there will be reduction in FPPPA charges to be billed to the consumers. In support of its contention, the Petitioner proposes, without forming a precedent, to cap the recovery of FPPPA plus "Regulatory Charge" at Rs. 1.93 per unit with effect from 1st April, 2016 as against the existing FPPPA recovery of Rs. 1.98 per unit. Under this proposal, the Petitioner would recover the "Regulatory Charge" as per the following formula:

"Regulatory Charge" per unit = (Rs. 1.93 per unit) less (Actual FPPPA for the quarter including Base FPPPA per unit).

For e.g. If actual FPPPA (including base FPPPA) for a given quarter works out to Rs.1.73 per unit; then the "Regulatory Charge" that will be recovered corresponding to the said quarter will be:

"Regulatory Charge" = (Rs. 1.93 per unit) less (Rs. 1.73 per unit)
= Rs. 0.20 per unit

The Petitioner will recover the "Regulatory Charge" till such time the aforesaid gap is recovered. This proposal will ensure a minimum reduction of at least 5 paise per unit to the consumers from their current level of billing with a possibility of further reduction if fuel prices reduce even more in FY 2016-17 and hence is the interest of all stakeholders. The Petitioner would like to further clarify that any variation in recovery of the said gap shall be dealt with during Truing up exercise for FY 2016-17.

The existing tariff schedule for Ahmedabad/Gandhinagar supply area is attached as Annexure 1 of the petition without any tariff increase except the inclusion of "Regulatory Charge". It is therefore submitted that this proposal of "Regulatory Charge" is a methodology to avoid any abrupt variation and to address the gap of Rs. 455.71 Crore as an alternative to seeking tariff increase. The Petitioner submits that, if for any reason, the Commission does not allow the recovery of gap by way of "Regulatory Charge" w.e.f. 1st April, 2016, the tariff rates need to be appropriately adjusted to allow the Petitioner to recover the cumulative gap of Rs. 455.71 Crore during the year.

9.3 Commission's Analysis

The Commission has carried forward the process of rationalization of tariff in order to ensure that the tariffs reflect, as per far as practicable, the cost of supply. The Commission has also tried to address operational and field level issues – keeping in view the interest of the consumers – while rationalising tariff structure. Hence, the Commission decides to continue with the existing tariff structure.

TPL-D has proposed to recover Rs. 638.51 Crore (459.78 + 178.73) through "Regulatory Charge" which translates into 60 Paise/unit from consumers of Ahmedabad, Gandhinagar and Surat. The Commission has, after prudence check, worked out the total gap at Rs. 470.50 Crore and decided to allow the recovery of the same through "Regulatory Charge" at 45 Paise/unit from all the categories of consumers of TPL-D during FY 2016-17 in view of the recovery allowed as explained in Chapter 4 of this order. While allowing such "Regulatory Charge" the Commission has endeavoured to reduce the electricity bills of consumers by 18 Paise/unit by capping the recovery of FPPPA during FY 2016-17 at Rs. 1.35/unit compared to the present FPPPA of Rs. 1.98/unit. The Commission has directed TPL-D to stop the recovery of "Regulatory Charge" once full recovery is made. TPL-D has also been directed to incorporate a separate line item in the electricity bills of the consumers for effecting the recovery of "Regulatory Charge" and shall share the details of such recovery not only with the Commission but also with the consumers by hosting the same on their website.

The Commission had to introduce the "Regulatory Charge" instead of merging it with the regular tariff to protect the consumers from a perennial tariff hike on account of past periods gaps.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for TPL-D (Ahmedabad) for FY 2016-17, as shown in the Table below:

Approved ARR for TPL-D (Ahmedabad) for FY 2016-17

(Rs. Crore)

Sl. No.	Particulars	FY 2016-17
1	Power Purchase Cost	3994.31
2	Operations and Maintenance Expenses	242.10
3	Depreciation	117.71
4	Interest on Loans	52.83
5	Interest on working Capital	0.00
6	Interest on Security Deposit	42.59
7	Bad debts Written off	1.50
8	Contingency Reserve	0.60
9	Prompt Payment Rebate	30.36
10	Return on equity	163.93
11	Income Tax	0.00
12	**Total Expenditure**	**4645.93**
13	Less: Non-Tariff income	88.10
14	**Aggregate Revenue Requirement**	**4557.83**

The retail supply tariffs for Ahmedabad distribution area for FY 2016-17 determined by the Commission are annexed to this order.

This order shall come into force with effect from the 1st April, 2016. The revised rate shall be applicable for the electricity consumption from the 1st April, 2016 onwards.

Sd/-	Sd/-
P. J. THAKKAR	**K. M. SHRINGARPURE**
Member	Member

Place: Gandhinagar
Date: 31/03/2016

ANNEXURE: TARIFF SCHEDULE

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

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

Effective from 1st April, 2016

GENERAL CONDITIONS

1. This tariff schedule is applicable to all the consumers of TPL in Ahmedabad-Gandhinagar area

2. All these tariffs for power supply are applicable to only one point of supply.

3. Meter charges shall be applicable as prescribed under GERC (licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, 2005 as in force from time to time.

4. 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.

5. The charges specified in the tariff are on monthly basis, TPL shall adjust the rates according to billing period applicable to consumer.

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

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

11. Maximum Demand in a month means the highest value of average kW as the case may be, delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.

12. 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.

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

14. 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 meter rent 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.

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

16. Fuel Price and Power Purchase Adjustment (FPPPA) charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time.

17. Regulatory Charges @ 45 paise/unit shall be billed to all the consumers over and above charges as per this tariff schedule and FPPPA charges.

18. Statutory Levies: These tariffs are exclusive of Electricity Duty, Tax on Sales of Electricity, Taxes and other Charges levied/may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk/retail supplies from time to time.

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

PART- I

SUPPLY DELIVERED AT LOW OR MEDIUM VOLTAGE

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

1. RATE: RGP

This tariff is applicable to supply of electricity for:

i. residential purpose, and

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

1.1. FIXED CHARGE

For Other than BPL consumers

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

For BPL household consumers*

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

1.2. ENERGY CHARGE

For Other than BPL consumers

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

For BPL household consumers*

(a)	First 30 units consumed per month	150 Paise per Unit
(b)	For remaining units consumed per month	Rate as per RGP

** The consumer who wants to avail the benefit of the above tariff has to produce a copy of the Card issued by the authority concerned at the zonal office of the Distribution Licensee. The concessional tariff is only for 30 units per month.*

2. RATE: GLP

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

2.1. FIXED CHARGE

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

2.2. ENERGY CHARGE

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

3. RATE: NON-RGP

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

3.1. FIXED CHARGE

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

3.2. ENERGY CHARGE

A flat rate of	450 Paise per Unit

4. RATE: LTP (AG)

Applicable to motive power installations for agricultural purposes

4.1. ENERGY CHARGE

A flat rate of	330 Paise per Unit

4.2. MINIMUM CHARGE

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

Note:

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

5. <u>Rate: LTMD-1</u>

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

5.1. FIXED CHARGE

1. For Billing Demand up to and including Contract Demand

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

2. For Billing Demand in excess of the Contract Demand

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

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 6 KW

Whichever is the highest.

5.2. ENERGY CHARGE

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

5.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

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

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

6.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

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

B. For Billing Demand in excess of the Contract Demand

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

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 6 KW

Whichever is the highest.

6.2. ENERGY CHARGE

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

6.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

7. RATE: SL

Applicable to lighting systems for illumination of public roads.

7.1. ENERGY CHARGE

A flat rate of	420 Paise per Unit

7.2. OPTIONAL kVAh CHARGE

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

8. RATE: TMP

Applicable to installations for temporary requirement of electricity supply.

8.1. FIXED CHARGE

Fixed Charge per Installation	Rs. 25 per kW per Day

8.2. ENERGY CHARGE

A flat rate of	500 Paise per Unit

PART- II

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

9. RATE: HTMD-1

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

9.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

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

B. For Billing Demand in excess of the Contract Demand

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

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 100 KW

Whichever is the highest.

9.2. ENERGY CHARGE

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

9.3. TIME OF USE (TOU) CHARGE

For the Consumption during specified hours as mentioned here below: (i) For April to October period- 1200 Hrs. to 1700 Hrs. & 1830 Hrs. to 2130 Hrs. (ii) For November to March period- 0800 Hrs. to 1200 Hrs. & 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 300 kW	80 Paise per Unit
(b) For Billing Demand Above 300 kW	100 Paise per Unit

9.4. NIGHT TIME CONCESSION

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

9.5. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

10. RATE: HTMD-2

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

10.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

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

B. For Billing Demand in excess of the Contract Demand

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

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 100 KW

Whichever is the highest.

10.2. ENERGY CHARGE

A flat rate of	400 Paise per unit

10.3 TIME OF USE (TOU) CHARGE

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

10.4 NIGHT TIME CONCESSION

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

10.5 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

11. <u>RATE: HTMD-3</u>

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

11.1. FIXED CHARGE

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

Note: The Billing Demand will be taken as under:

i. The Maximum Demand recorded during the month OR
ii. 85% of the Contract Demand OR
iii. 100 KW

Whichever is the highest.

11.2. ENERGY CHARGE

For all units consumed during the month	695 Paise/Unit

11.3. TIME OF USE (TOU) CHARGE

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

11.4. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

12. RATE: NTCT (NIGHT TIME CONCESSIONAL TARIFF)

This is night time concessional tariff for consumers for regular power supply who opt to use electricity EXCLUSIVELY during night hours between 22.00 hours and 06.00 hours next day.

12.1 FIXED CHARGE

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

12.2 ENERGY CHARGE

A flat rate of	340 Paise per unit

12.3 POWER FACTOR ADJUSTMENT CHARGE

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

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

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

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

NOTE:

1. *15% of the contracted demand can be availed beyond the night hours prescribed as per para 12.0 above.*
2. *10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per para 12.0 above.*
3. *In case the consumer failed to observe condition no. 1 above during any of the billing month, then demand charge during the relevant billing month shall be billed as per HTMD category demand charge rates given in para 9.1 of this schedule.*
4. *In case the consumer failed to observe condition no. 2 above during any of the billing month, then entire energy consumption during the relevant billing month shall be billed as per HTMD category energy charge rates given in para 9.2 of this schedule.*
5. *In case the consumer failed to observe above condition no. 1 and 2 both during any of the billing month, then demand charge and entire energy consumption during the relevant billing month shall be billed as per HTMD category demand charge and energy charge rates given in para 9.1 and 9.2 respectively, of this schedule.*
6. *This tariff shall be applicable if the consumer so opts to be charged in place of HTMD tariff by using electricity exclusively during night hours as above.*
7. *The option can be exercised to switch over from HTMD tariff to HTMD Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*