GUJARAT ELECTRICITY REGULATORY COMMISSION

Tariff Order

Truing up for FY 2012-13 and

Determination of Tariff for FY 2014-15

For

Dakshin Gujarat Vij Company Limited (DGVCL)

Case No. 1371 of 2013

29th April 2014

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(GERC)

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 2015-16
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
MU	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
p.a	per annum
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. 1371/2013

Date of the Order: 29/04/2014

CORAM

Shri Pravinbhai Patel, Chairman

Dr. M. K. Iyer, Member

ORDER

1. Background and Brief History

1.1 Background

The Dakshin Gujarat Vij Company Limited (hereinafter referred to as DGVCL or Petitioner) has filed its petition on 29th November 2013 under Section 62 of the Electricity Act, 2003, read in conjunction with the applicable Gujarat Electricity Commission (Multi-Year Tariff) Regulations, 2011 for True-up of FY 2012-13, and determination of Tariff for FY 2014-15.

The Commission admitted the petition on 3rd December 2013 as Case No. 1371/2013.

1.2 Dakshin Gujarat Vij Company Limited (DGVCL)

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

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

Distribution Companies:

Sl. No.	Name of Company
1	Dakshin Gujarat Vij Company Limited (DGVCL)
2	Madhya Gujarat Vij Company Limited (MGVCL)
3	Uttar Gujarat Vij Company Limited (UGVCL)
4	Paschim Gujarat Vij Company Limited (PGVCL)

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

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

1.3 Commission’s Orders for the second Control period

DGVCL filed its petition under the Multi-Year Tariff Framework for the control period FY 2011-12 to FY 2015-16 on 12th May, 2011, in accordance with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) 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 on this behalf, and after taking into consideration the submission made by DGVCL, the objections raised by various stakeholders, response of DGVCL, issues raised during public hearing and all other relevant material, issued the Multi-Year tariff order on 6th September, 2011 for the control period from FY 2011-12 to FY 2015-16, based on the GERC (MYT) Regulations, 2011.

The Commission issued the orders for Truing up for FY 2010-11 and determination of Tariff for FY 2012-13 on 2nd June, 2012.

The Commission issued the order for Truing up for FY 2011-12 and determination for Tariff for FY 2013-14 on 16th April 2013.

1.4 Admission of the current petition and public hearing process

DGVCL submitted the current petition for ‘Truing up’ of FY 2012-13 and determination of tariff for FY 2014-15 on 29th November, 2013. The Commission admitted the petition (Case No. 1371/2013) on 3rd December, 2013.

In accordance with Section 64 of the Electricity Act, 2003, the Commission directed DGVCL to publish its application in the abridged form to ensure public participation. The public notice, inviting objections / suggestions from its stakeholders on the petition filed by it, was published in the following newspapers on 11th December 2013.

Sl. No.	Name of the Newspaper	Language	Date of Publication
1	Daily News Analysis (DNA)	English	11.12.2013
2	Gujarat Samachar	Gujarati	11.12.2013

The Petitioner has also placed the public notice and the petition on its website 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 10th January 2014.

The Commission received objections / suggestions from 14 stakeholders. The Commission examined the objections / suggestions received and fixed the date for public hearing for the petition on 13th February, 2014 at the Commission’s Office, Gandhinagar, and subsequently a communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the

Commission. The public hearing was conducted in the Commission's Office in Gandhinagar as scheduled 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.	Hindalco Industries Ltd.	Yes
2.	Grasim Industries Ltd.	Yes
3.	Gujarat Bricks Manufacturer's Federation	Yes
4.	Shri Jayesh Shah Palejwala	No
5.	Laghu Udyog Bharati - Gujarat	Yes
6.	Consumer Education and Research Society (CERS)	Yes
7.	OPGS Power Gujarat Private Ltd.	Yes
8.	Gujarat Krushi Vij Grahak Suraksha Sangh	Yes
9.	Shri Ganpatbhai Lallubhai Suthar	No
10.	Shri Amarsinh Chavda	No
11.	Western Railways	Yes
12.	Utility Users' Welfare Association (UUWA)	Yes
13.	Socialist Unity Centre of India (Communist) [SUCI(C)]	Yes
14.	Indus Towers	Yes

A short note on the main issues raised by the objectors in the submissions in respect to the Petition, along with the response of DGVCL and the Commission's views on the response, are briefly given in Chapter 3.

1.5 Contents of this order

The order is divided into nine chapters:

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 a summary of DGVCL's submission.
3. The **third** chapter deals with the public hearing process, including the objections raised by various stakeholders, DGVCL's response and Commission's views on the response.
4. The **fourth** chapter focuses on the details of truing up for FY 2012-13.
5. The **fifth** chapter deals with the determination of tariff for FY 2014-15.
6. The **sixth** chapter deals with the FPPPA charges.
7. The **seventh** chapter deals with wheeling charges and cross-subsidy surcharge.

8. The **eighth** chapter deals with compliance of directives and issue of fresh directives.
9. The **ninth** chapter deals with the tariff philosophy and tariff proposals for FY 2014-15.

1.6 Approach of this Order

DGVCL has approached the Commission with the present petition for 'Truing up' for the FY 2012-13 and determination of tariff for the FY 2014-15.

The Commission has undertaken truing up for the FY 2012-13, including computation of gains and losses for the FY 2012-13, based on the submissions of the petitioner and the audited annual accounts made available by the petitioner.

While Truing up for FY 2012-13, the Commission has been primarily guided by the following principles:

1. Controllable parameters have been considered at the level of approval under the MYT order, unless the Commission considers that there are valid reasons for revision of the same.
2. Un-controllable parameters have been revised, based on the actual performance observed.

The Truing up for the FY 2012-13 has been considered, based on the GERC (MYT) Regulations, 2011. For determination of the ARR for FY 2014-15, the Commission has considered the ARR for FY 2014-15 as approved in the Mid-term Review Order.

2. A Summary of DGVCL's Petition

The Dakshin Gujarat Vij Company Limited (DGVCL) submitted the details of True-up of FY 2012-13 and revenue estimates for FY 2014-15 on 29th November, 2013.

2.1 Actuals for FY 2012-13 submitted by DGVCL

The details of expenses under various components of ARR for FY 2012-13 are given in Table 2.1 below:

Table 2.1: Actuals submitted by DGVCL for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order	Claimed in Truing up
1	Cost of Power Purchase	5,357	6,347
2	Operations & Maintenance Expenses	194	196
2.1	Employee Cost	177	218
2.2	Repair & Maintenance	29	28
2.3	Administration & General Charges	32	47
2.4	Other Debits	4	6
2.5	Extraordinary Items	0	0
2.6	Less: Net Prior Period Income	0	4
2.7	Less: Other Expenses Capitalised	48	99
3	Depreciation	135	136
4	Interest & Finance Charges	50	89
5	Interest on Working Capital	0	0
6	Provision for Bad Debts	4	39
7	**Sub-Total [1 to 6]**	**5,741**	**6,807**
8	Return on Equity	60	60
9	Provision for Tax / Tax Paid	19	7
10	**Total Expenditure (7 to 9)**	**5,819**	**6,873**
11	Less: Non-Tariff Income	89	137
12	**Aggregate Revenue Requirement (10 - 11)**	**5,731**	**6,736**

2.2 Summary of projected revenue gap for FY 2014-15

The Table below summarises the Aggregate revenue Requirement projected in the Mid-term Review of Business plan, the total revenue with existing tariff and the proposed gap for FY 2014-15.

Table 2.2: ARR, Revenue and Gap for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	FY 2014-15
1	Aggregate Revenue Requirement	8,210
2	Revenue Gap from True-up of FY 2012-13	98
3	**Total Aggregate Revenue Requirement**	**8,308**
4	Revenue with Existing Tariff	5,965
5	FPPPA Charges @ 120 paisa/kWh	1,482
6	Other Income (Consumer related)	314
7	Agriculture Subsidy	53
8	**Total Revenue including subsidy (4 to 7)**	**7,814**
9	**Gap / (Surplus) (3 - 8)**	**493**

The petitioner has proposed no change in tariff structure, except for HTP-I Category. DGVCL has proposed rationalisation in HTP-I by increase in fixed charges and reduction in energy charges, to ensure reasonable recovery of fixed charges.

2.3 DGVCL's request to the Commission:

1. To admit this petition seeking True-up of FY 2012-13 and Tariff Petition for FY 2014-15.
2. To approve the True-up for FY 2012-13 and allow sharing of Gains/(Losses) with the Consumers, as per sharing mechanism prescribed in the GERC (MYT) Regulations, 2011.
3. To realign the base FPPPA amount from 61 paisa/kWh to actual (weighted average of Q1 to Q4) FPPPA of FY 2012-13.
4. To treat the unrecovered gap, as deemed fit by the Commission.
5. To consider approved parameters/ARR of GSECL, GETCO and SLDC, while finalizing tariff of the petitioner.
6. Pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
7. To grant any other relief as the Commission may consider appropriate. The petitioner craves leave of the Commission to allow further submissions, addition and alteration to this Petition as may be necessary from time to time.

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

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

In response to the public notice, inviting objections / suggestions of the stakeholders on the petitions filed by DISCOMs for truing up of FY 2012-13 and determination of tariff for FY 2014-15, a number of consumers / consumer organisations filed their objections / suggestions. Some of these objectors participated in the public hearing also. It is observed that the objections/ suggestions filed, by and large, are repetitive in nature. Some of the objections are general in nature and some are specific to the proposals submitted by the petitioner for approval of True-up for FY 2012-13 and ARR and Tariff revision for FY 2014-15. It is also noted that many of the objections/ suggestions are common to all the four DISCOMs and some are specific to the concerned DISCOM. The objections / suggestions are segregated into two groups viz. common to all DISCOMs and specific to concerned DISCOM. The Commission has, therefore, addressed the objections / suggestions issue-wise rather than objector-wise.

3.1 Common Suggestions/objections

Issue 1: Cross subsidy reduction

M/s Hindalco Industries Limited, Federation of Gujarat Industries, Ultratech Cement Ltd, and Aditya Birla Nuvo Ltd have stated that the proposal of the petitioner should have included the status and future action plans for progressive reduction of cross subsidies. The proposal requires rejection with a direction to revise to reflect compliance of EA Act, 2003 and mandates thereunder and also para 34 of Conduct of Business Regulation.

Response of DISCOMs

No Comments.

Commission's observation

The Commission determines the charges keeping in view the consumers interest as well as cost of supply.

Issue 2: Cost of Supply

M/s Hindalco Industries Limited, Federation of Gujarat Industries, Ultratech Cement Ltd, and Aditya Birla Nuvo Ltd have stated that the petitioners have not submitted voltage / category-wise cost of supply as envisaged in E. Act, 2003 and Tariff Policy.

The cost of supply has been furnished belated for FY 2011-12 but not for FY 2012-13 and hence the actual picture of cross subsidies is not known.

It has further been submitted that it is not correct to increase the tariff based on the average cost of supply. This is against specific directions / interpretation given by APTEL in its judgement dated 30.05.2011 in Appeal No: 102, 103 and 112 of 2010 that the cross subsidy will be calculated as the difference between the average tariff realisation for that category as per ARR and the cost of supply for the consumer category based on voltage-wise cost of supply.

Response of DISCOMs

Cost of supply report for FY 2011-12 was submitted in Nov. 2012 and for FY 2012-13 the report is in the process of finalisation.

Commission's observation

The response of the DISCOMs is noted. The DISCOMs have to build up adequate data to workout category-wise cost of supply. Directive is issued to DISCOMs to build up data to arrive at category-wise cost of supply.

Issue 3: Passing of Agricultural Subsidy burden to Industrial Consumers

M/s Hindalco Industries Limited, Federation of Gujarat Industries, Ultratech Cement Ltd, and Aditya Birla Nuvo Ltd have stated that there is under-recovery in the case of Agricultural category against substantially high recovery from Industrial consumers and no attempt has been made in the proposal to adjust the tariff to reduce the gap as mandated under EA 2003 and Tariff Policy. Against the cost of supply of Rs. 5.37/unit for Industrial HT, the recovery is Rs 6.08/unit i.e., 13% higher recovery whereas in the case of Agricultural category it is 54% under recovery.

Further Agricultural subsidy from government is far less than what is actually required and the huge unrecovered gap pertaining to Agriculture Category is passed on to the Industrial category. This requires correction. As per cost of supply report of DGVCL, as against Rs 6.26/ unit for (Industrial) category, only Rs 2.88/ unit is the realisation. It is clear that cross subsidisation level is very high.

Response of DISCOMs

As per the National Tariff Policy there is need to rationalise tariff to various consumer categories so that it is more aligned to cost of supply and in a band of ± 20% to average cost of supply. In order to ensure uniform tariff rates for all the four Distribution Companies, differential bulk supply tariff mechanism is in place.

For all the DISCOMs taken together the Average realisation of HT category for FY 2012-13, after deducting demand charges paid by Open Access consumers, works out to Rs. 6.22 per kWh, which is 122% of ACS. For FY 2011-12, the average recovery from HT consumers was within the band of + 20%. Whereas for FY 2012-13 it was +24%. The increase in average realisation for HT category in FY 2012-13 is due to non-drawal of energy by some consumer corresponding to their contracted demand from the licensee, but preferred to draw energy from other sources. This trend would continue in FY 2014-15 also as more consumers are opting for Open Access whose fixed cost recovery is artificially increasing the average realisation.

Commission's observation

The objection and response of DISCOMs are noted.

Issue 4: Fixed Cost recovery

M/s Hindalco Industries Limited, Federation of Gujarat Industries, Ultratech Cement Ltd, and Aditya Birla Nuvo Ltd and OPGS Power Gujarat Private Ltd have stated that considering the connectivity at 220 kV with contract demand > 2500 KVA, the fixed cost recovery is very high (Rs 3.29/unit with total recovery Rs 8.84/ unit), requires rationalisation. The Proposals are to increase the fixed cost part. In the case of Respondents, the fixed cost recovery is far higher as they rarely use DGVCL power and generate its own power from CPP.

Based on the power bill during April to December '13 from DGVCL, the average fixed cost rate worked out to Rs 26/unit which is extremely exorbitant / irrational and cannot be justified.

Response of DISCOMs

Under the two part tariff mechanism, average realisation per unit varies with load factor of the consumers. For consumers having high load factor per unit rate of realisation is less compared to those having low load factor.

Regarding increase in demand charges, the fixed costs are recovered through fixed charges and a part of fixed cost is recovered through energy charges. As a part of rationalisation, demand charges are increased in HTP-I category. Even with the proposed increase in demand charges of HTP-I consumers, only 60.47% fixed cost attributable to HT consumers is recovered and the balance 39.53% is being recovered through energy charges. In case of consumers who do not procure power from DISCOM, the uncovered 39.53% of fixed cost is a burden on consumers in general, as the licensee has to maintain the network and power supply corresponding to contract demand irrespective of actual drawal. The DISCOM has proposed not only increase in the demand charges but also reduction in energy charges correspondingly.

Commission's observation

The objection and response of DISCOMs are noted.

Issue 5: Discouragement to Open Access users

M/s Hindalco Industries Limited, Federation of Gujarat Industries, Ultratech Cement Ltd, and Aditya Birla Nuvo Ltd and OPGS Power Gujarat Private Ltd have stated the proposal of the petitioners is to discourage Open Access users from selling/buying power from sources other than utilities/DISCOMs after attempts like

(i) Deemed Open Access separate category tariff;
(ii) Imposing unlawful and arbitrary conditions;
(iii) Demanding additional surcharges
(iv) Restricting Open Access to contract demand;
(v) Denial of NOC consent; and
(vi) Arbitrary misinterpretation of commission's orders for minimum "Scheduling of MW" of power to drawal of IMW at consumers end/bus etc.

Response of DISCOMs

The replies to the above points are as under:

(i) No such separate tariff is proposed

(ii) The undertaking is as per the orders of the Commission

(iii) Additional charge is leviable as per see 42(4) of E A 2003

(iv) Short-Term Open Access is allowed within the available margin in the network

(v) Essence of "undertaking" is to be followed

(vi) Commission has already decided and issued order for scheduling and drawal of load by Open Access consumers in its order in petitions nos. 1325 and 1327/ 2013.

Distribution losses as approved by the Commission from consumers of different voltage classes is applied to respective Open Access consumers.

Commission's observation

The Commission has noted the response of DISCOMs

Issue 6: Tariff for start-up power

(a) M/s Grasim Industries Ltd and Federation of Gujarat Industries have stated that the petitioner suggested for a specific clarification / direction from the Commission for billing based on per day pro-rata contract Demand charges to be levied under the HTP-III when availed by CPP and / or a generator for start-up power requirement / purpose.

The objectors suggested that pending such tariff to be decided by the Commission, a clarification/ direction for billing under HTP-III category based on contract demand charges on per day basis for the number of days such power might be drawn / consumed / used by a CPP/ Cogen plant for the start-up purpose would be most appropriate and befitting to the provisions of EA, 2003 as well as National Tariff policy.

The objectors have also stated that in view of the EA, 2003, the National Tariff Policy and in particular the contention of the APTEL in Appeal No: 8 of 2010, the demand charges recovery on prorate basis be limited to the number of hours or say maximum up to the number of days of actual usage of the start-up power.

(b) OPGS Power Gujarat Private Ltd has stated that there is no separate tariff for drawal of start-up power by conventional power plants and requested for determination of tariff for start-up power.

Response of DISCOMs

(a) The generator requires power for start-up at any point of time and the licensee has to maintain the network and power supply all the time to meet with the eventually and cost incidental thereto. Therefore generator has to maintain contract demand to the extent of his requirement and pay charges as a consumer.

(b) The LT-Temp Tariff Category is applicable to services of electricity supply for temporary period at low voltage. For HT consumers, temporary connection is available under HTP-III category. Consumers who want power for specific time period can avail connection under HTP-III category and charges will be applicable as per tariff schedule applicable from time to time.

Commission's observation

The response of the Petitioner is noted and appropriate decision taken.

Issue 7: Installation of suite meters, restoration of supply etc.

Shri Jayesh Shah Palejwala has suggested that:

(a) Installation of suite meters at rented units through one master / principal meter and the DISCOMs charge only on principal meters consumption.

(b) In case of consumers booked under section 135 they should not be forced to pay compounding charges but to be allowed to pay only the charges as per supplementary bill excluding compounding charges and the connection should be restored on payment.

(c) The licensee, who has not installed energy meters on distribution transforms should be punished.

(d) Divisional and sub-divisional engineers should not be kept busy with court cases as consumers are put to hardship.

Response of DISCOMs

The response of the DISCOMS on the above issues are as follows:

(a) Under the guise of the suite meter, the consumer may allow supply to another consumer / tenant which tantamount to distribution of electricity which is a licensed activity. Hence the request cannot be accepted.

(b) Regarding restoration of supply of the consumer booked under section 135 of the Act, 2003, the related provisions of the Act and Regulations notified by the Commission have to be followed.

(c) Status as on 31.12.2013 has been submitted by the DISCOMs for installation meters at distribution transformer level. Out of 75678 transformers, DTC meters are provided on 31119 transformers and 18367 transformers are HVDC. So total DTC meters including HVDC are 49486 nos. i.e., 65.39%.

(d) Employees are required to function as per rules and regulation, statute etc. in force.

Commission's observation

The Commission agrees with the response of DISCOMs. However, the DISCOMs shall complete metering at the distribution transformers expeditiously.

Issue 8: Revision of True-up proposal for FY 2013-14 and questioning of Tariff proposals for FY 2014-15

Laghu Udyog Bharati have suggested as follows:

(a) The objector has pointed out various mismatches between the figures of ARR petition, Mid-term petition and Annual Accounts.

(b) Capex: Non-Submission of details of accounts of equity and debt infusion for capex.

(c) Electricity Sale Cost Validation: The Commission may constitute a mechanism or depute an independent agency/ person to validate the sales data furnished by DISCOMs. The real cost of electricity sale increases due to minimum charges, power factor penalty and demand penalty.

(d) Charging of T&D losses for Open Access business and power inter change: The accounts of receipts of cross subsidy and recovery of line losses from Open Access consumers is not available in the true-up proposals. Similarly GUVNL is not giving credit of Open Access cost of line losses to DISCOMs and details in this regard are also not available.

(e) Cost of Ag units: The subsidy as per tariff received is Rs. 35 Cr., FPPPA received is Rs. 77.234 Cr. The receipt for unit of Ag consumption (DGVCL) is Rs

45.844 Cr. It has to be explained where the amount for Rs 45.844 Cr. is adjusted. The D-4 forms of Agriculture per unit cost do not give correct pictures.

(f) Power Sale / Purchase data of ARR: Table D-1 of petition shows cost of power purchase of 18321 MU at the rate of Rs 3.72/unit amounting to Rs 5985 Cr., Table 9 of petition shows energy sales of 14816 MU at the cost of Rs 5818 Cr. and Table 11 of the petition shows net sale of energy requirement of 18321 MU.

There is no mention of sale of power to GUVNL and UI interchange which is reflected in Annual accounts note 21 amounting to Rs 813.46 Cr. + Rs 145.22 Cr. With this figure, net ARR surplus for FY 2012-13 shall be Rs (2172.3 +813.46+145.22) 3130.98 Cr.

The Commission is requested to implement an independent system to validate technical as well as financial data of DISCOMs and not solely rely on their submission.

Response of DISCOMs

(a) Company proposes its aggregate revenue requirement along with proposed tariff for particular year and after completion of financial year, the true-up petition is required to be filed in which actual / normative cost along with actual revenue and with the resultant revenue gap. After due scrutiny and prudence check the Commission approves the gap, if any.

(b) Funding of capital expenditure is done through various sources categorised under headings viz. consumer contribution, grants, equity and grants from the CAPEX and the remaining Capex is funded in the debt equity ratio of 70:30.

(c) Revenue projections are based on the assumption that there shall be no recovery of penal charges.

(d) Charging of T&D losses is the matter of energy accounting. Cross subsidy surcharge is considered under the head ‘revenue’ for sale of power.

(e) Objector has considered only fixed charges and subsidy amount while it has not considered energy charges and FPPPA charges.

(f) For the purpose of calculating power purchase cost for retail supply to consumers, the revenue from power sale to GUVNL and UI are deducted.

Commission's observation

The Commission has conducted detailed analysis of the components of ARR filed in the petition after due validation and prudence check and decisions are taken as per provisions in GERC Regulations.

Issue 9: Distribution Losses

The Consumer Education and Research Society (CERS) objected to the increase in distribution losses which had increased for all DISCOMs putting an additional burden of Rs 372 Cr. on consumers.

Distribution losses being controllable factor a burden of Rs 124 Cr. is transferred on consumers of Gujarat. The objector demanded that the Commission should impose penalty on DISCOMs if the target is not achieved and the amount of penalty should be recovered from each of the DISCOMs.

Response of DISCOMs

DISCOMs take various steps for reduction of distribution loss (both technical and commercial) and ensure loss reduction trajectory as approved by the Commission and at the end of the control period it shall try to achieve approved distribution loss level.

The Commission has approved distribution loss trajectory for the entire MYT control period from FY 2011-12 to FY 2015-16. In the petition for Mid-term review of Business plan, the company proposed trajectory for distribution losses for FY 2014-15 and FY 2015-16. Distribution losses being controllable factor, the company has given appropriate treatment to the deviation from the approved loss level in the true-up petition for FY 2012-13.

Commission's observation

The Commission has fixed distribution loss level trajectory for each DISCOM and the energy requirement/power purchase is regulated to the loss level approved by the Commission.

Issue 10: Tariff Revision for HTP-I

The Federation of Gujarat Industries, Ultratech Cements Ltd and OPGS Power Gujarat Power Private Ltd have stated that the DISCOMs have proposed to increase demand charges from Rs. 350/kVA to Rs 430/kVA i.e. by 23% and decrease in energy charges by 20 paise per unit for the HTP-I category. If the demand charges are set at a higher level, the energy conservation measures as envisaged in Tariff Policy would not materialise as there will be lesser incentive to consumers in reducing energy consumption. Further any decrease in energy charges, the proposed tariff is unfavourable to consumers who are having a lower consumption as they are paying higher demand charge disproportionate to energy consumption whereas consumers having higher consumption will be benefitted from lower energy charges. The Commission is therefore requested not to allow any increase in demand charges and any decrease in the energy charges for the HTP-I category.

Further considering that the true-up of ARR is being made on a regular basis, it is not clear as to how the licensee will suffer an under recovery of its legitimate costs due to tariff structure because all the legitimate costs are passed on to consumers through tariff determination.

Response of DISCOMs

In the present tariff structure only a part of the fixed cost is recovered through energy charges and as a part of rationalisation, demand charges are increased in HTP-I category. Even if the proposed increase in demand charges of HTP-I consumers is recovered, the remaining 39.53% is still being recovered through energy charges, In case of consumers who are not taking power from DISCOM, the unrecovered 39.53% of fixed cost, otherwise payable by such consumers is a burden to all other consumers.

Further under the two part tariff mechanism, average per unit realisation varies with the load factor of the consumer. For consumers having high load factor, per unit rate of realisation is less as compared to those having low load factor.

Commission's observation

The objection and the response from the DISCOMs are noted. The Commission will examine the issue and take appropriate decision.

Issue 11: Consideration of transmission charges for determination of Cross Subsidy Surcharge

OPGS Power Gujarat Private Ltd has stated that when a consumer opts for Open Access, the distribution licensee avoids payment of transmission charges for the energy consumed by him, especially in the surplus power scenario as claimed by the licensee. However transmission charges shall be considered as part of avoided cost while determining cross subsidy surcharge.

The transmission charges being an integral part of the licensee's cost of supply, the same has to be considered while calculating Cross Subsidy Surcharge. If the transmission charges are not made part of power purchase cost, the same has to be considered as part of wheeling charges.

Response of DISCOMs

The Commission determines cross subsidy surcharge in accordance with provision of National Tariff Policy.

Commission's observation

For determining the cross subsidy surcharge for Open Access consumers, the Commission is guided by the provision in section 42 (2) of the Act and guidelines provided in clause 8.5 of the Tariff Policy.

Issue 12: Bad Debts

The Consumer Education and Research Society (CERS) has suggested that the Commission should direct the DISCOMs to submit names of defaulters whose amount exceeds Rs 1.00 Lakh and also to publish their names in local newspapers and to submit all details on action taken against each defaulter. Till that time, the proposed amount of Rs 120 Cr. should not be approved.

Response of DISCOMs

The Companies are taking various actions for recovery of arrears as under:

- Disconnections
- Recovery through Civil Courts
- Arranging Lok Adalat etc.

After disconnection, if the consumer does not turn up for making payment the connection is permanently disconnected (PDC):

Every year certain amount of some consumers, which seems to be non-recoverable is waived by the company and is charged to P&L of the company under the head "other debits" for the respective year and the same is proposed for recovery in True-up petition as "controllable" in line with the GERC (MYT) Regulations, 2011.

The companies have submitted the details of consumers who are in arrears of over Rs 1.00 lac and above as on 31.12.2013 in response to the objection.

Commission's observation

The response of the DISCOMs is noted.

Issue 13: Losses in JGY Scheme

The Consumer Education and Research Society (CERS) objected to heavy losses in JGY scheme which were not reduced in spite of directives from the Commission and which are putting heavy burden on consumers of Gujarat. The objector has requested the Commission to direct all DISCOMs to reduce losses by 20% by 31.3.2015, as the losses are controllable and the burden of 33% should not be transferred to consumers due to inefficiency of DISCOMs.

Response of DISCOMs

Various steps are taken to reduce losses in JGY categories, such as maintenance of HT line, LT line, Transformer, XLPE conductor, Aerial Bunch Conductor, Insulated Conductor, Installation checking, meter replacement, Installation sealing, Installation of meter boxes, feeder bifurcation, Panel meter testing and installation of Amorphous transformer. Due to these steps, the losses on JGY Feeders have been reduced in FY 2012-13 compared to FY 2011-12. The companies have given appropriate treatment to the deviation from the approved loss level in the true-up for FY 2012-13.

Commission's observation

The loss level in JGY feeders is still high. The Commission has given directive to all the DISCOMs to reduce the losses to acceptable level.

Issue 14: Meter Problems

The Consumer Education and Research Society (CERS) has stated that till date more than 40% of Ag connections are unmetered and more than 2 lac meters are not working in Gujarat. The Commission is requested to direct all DISCOMs to provide details of metered and unmetered agriculture connection, meters not working in respect of each DISCOM and the reasons for not changing non-working meters.

The objector has also observed that due to financial constraints all DISCOMs are not having stock of new meters and bills are issued on average consumption based on consumer's connected load.

Response of DISCOMs

The Companies have large base of old consumers and are prioritising the replacement of non-working, defective, inaccurate and very old meters. The companies have meter replacement plan and accordingly meters are replaced every year and this work is closely monitored and field officers are instructed to ensure that non-working and defective meters of 3 phase are replaced in 2-3 days and single phase meters in the same month.

Commission's observation

As already directed the DISCOMs shall promptly replace the defective meters.

Issue 15: Controllable and Uncontrollable factors

The Consumer Education and Research Society (CERS) has observed that there is hardly any gain to consumers due to controllable and uncontrollable factors except for MGVCL which has gained in both controllable and uncontrollable factors. The objector has therefore suggested that the burden of uncontrollable factors should be equally shared by DISCOMs and consumers instead of transferring the entire burden on consumers.

Response of DISCOMs

Expenses have been categorised as controllable and uncontrollable as per the nature of expenditure and provision of GERC (MYT) Regulations, 2011. Accordingly true-up petition is filed.

Commission's observation

The expenses under uncontrollable factor such as cost of power etc. are beyond the control of the DISCOM and is a pass-through.

Issue 16: Increase in base price of FPPPA

The Consumer Education and Research Society (CERS) objected for abrupt increase in FPPPA charges levied by four DISCOMs from 61 paise / unit to Rs 1.20 paise and thereby the base of FPPPA charge is increased by almost 33%, which includes FPPPA charges of Rs 169.69 Cr. collected vide FPPPA charges due to receipt of inferior quality of coal. Another reason for high FPPPA charges is purchase of power from IPPs and payment of fixed cost to IPPs having gas based generation. The objector therefore requested the Commission to reject the proposal for increase in FPPPA charges from 61 paise/unit to 120 paise/unit.

Response of DISCOMs

The Commission has issued order on 6.9.2011 in which power purchase cost was calculated based on actual Power Purchase Cost (PPC) for 2009-10. In Mid-term review of business plan for FY 2014-15 and FY 2015-16, while calculating PPC, base is shifted from FY 2009-10 to FY 2012-13. During FY 2012-13, weighted average of FPPPA recovered was Rs 1.20/unit and hence the same is proposed to be freeze.

Commission's observation

Shifting / Freezing of base FPPPA rate shall not affect the FPPPA calculations. Any reduction in Power Purchase cost may reduce the FPPPA charge to a lower figure and the same shall be passed on to consumers.

Issue 17: Burden of Rs 1816 Cr. on consumers

The Consumer Education and Research Society (CERS) has stated that in spite of deficit of Rs 1816 Cr. by all four petitioners during 2014-15, no increase in tariff is proposed, hence the Commission should not Suo Motu increase the tariff rates.

The objector has also stated that it has filed PIL before Gujarat High Court under WP PIL No. 147/2012, the Commission should refrain from increasing tariff, since the matter is sub-judice.

Response of DISCOMs

As per provisions of GERC (MYT) Regulations, 2011, the DISCOMs are required to file true-up for FY 2012-13 and tariff proposal for FY 2014-15. Accordingly petitions are filed with the Commission with a request to address the resultant gap suitably.

Commission observation

The Commission has taken appropriate decision based on the analysis of the ARR and Prudence check of various expenses.

Issue 18: Different tariff for each DISCOM

The Consumer Education and Research Society (CERS) has suggested for implementation of different tariff for each DISCOM and also for performance Based Tariff. The objector has stated that it is not correct to compare to performance of PGVCL with MGVCL and also why the consumers of MGVCL should pay high tariff for poor performance of PGVCL.

The objector further stated that the distribution loss of PGVCL is 30% compared to other three DISCOMs where losses are below 15% and separate tariff for each DISCOM will make them accountable for their performance and also generate competition.

Response of DISCOMs

Uniform retail supply tariff for all four DISCOMs has been envisaged so that the consumers in similar categories in the State could have similar tariff without discrimination as envisaged in EA, 2003. Since 85% to 93% of total cost incurred by DISCOMs is for power purchase, it plays a major role in determining the ARR as well as gap / surplus for the DISCOM in a particular year. Further as the consumer and consumption profiles are different in the four DISCOMs, the revenue earning capacities of DISCOMs differ resulting different ARRs. It is therefore necessary to build a mechanism in projections to bring them to a level-playing field. This is proposed to be achieved by differential Bulk Supply Tariff (BST) to each DISCOM which is approved by the Commission.

Commission's observation

The response of DISCOMs is noted.

Issue 19: Agricultural Consumption

The Consumer Education and Research Society (CERS) has stated that more than 40% of Ag connections are unmetered and this consumption is accounted for in distribution losses and ultimately transferred to consumers. The objector requested the Commission to direct the DISCOMs to submit separate details of amount recovered from metered and unmetered consumers.

Response of DISCOMs

The DISCOMs have submitted the details of revenue from metered and unmetered Ag consumers up to Nov. 2013.

Commission's observation

Since August 2000 DISCOMs have stopped giving unmetered connections for Agriculture services. The balance unmetered services are to be metered within definite timeframe.

Issue 20: Determination of cross subsidy surcharge while determining power purchase cost for plants running on natural gas / RING, trading margin of GUVNL, transmission charges etc.

The OPGS Power Gujarat Private Ltd has stated that while calculating the weighted average power purchase cost of top 5% at the margin, the Commission did not consider the cost of power purchase from plants running on natural gas/ RLNG. The Commission has taken the purchase of power from Essar at the average cost of Rs 4.91 / kWh as the costliest source of power. However there were more costly power purchases such as that from Essar-300 MW, GSEG-156 MW, GPEC-655 MW, GSPC-Pipavav, GSEG expansion etc. and those plants appear in the merit order of SLDC. No reason was mentioned in Tariff orders as to why these plants were excluded for determining CSS.

The objector requested to consider the determination of cross subsidy surcharge as follows:

(i) Cost of power purchase from plants running on natural gas/ RLNG also while calculating the weighted average power purchase cost of top 5% at the margin
(ii) The 4 paise/kWh charged by GUVNL; and
(iii) Transmission charges;

Response of DISCOMs

The Commission determines cross subsidy surcharge in accordance with the provision of National Tariff Policy.

Commission's observation

The Power Purchase from plants running on spot gas/ RLNG are similarly placed with Liquid fuel fired station and hence excluded in accordance with the Policy guideline. . Hence the power purchase from such stations is not considered under 5% at the margin.

Issue 21: Calculation of Average tariff 'T' for determination of cross subsidy surcharge

OPGS Power Gujarat Private Ltd has stated that while calculating average tariff 'T' for determination of cross subsidy surcharge, a distinction has to be made between Open Access customers who have surrendered their contract demand and the Open Access customers who continue to maintain their contract demand, since in the latter case, there is no loss of demand charges on account of their opting for Open Access. Therefore in the case of Open Access consumers who have not surrendered their contract demand, 'T' may be calculated as average applicable energy charges only.

Response of DISCOM

The Commission determines cross subsidy surcharge in accordance with the provisions of National Tariff Policy.

Commission's observation

'T' being the average tariff payable by the relevant category is considered for the consumer categories in general as per Tariff Policy.

Issue 22: Additional Surcharge

The OPGS Power Gujarat Power Limited has stated that currently the Open Access consumers are paying a wheeling charge of 12 paise/kWh and cross subsidy of 45 paise/kWh. The additional surcharge, proposed by DISCOMs will be in addition to these charges and will cause substantial financial burden on the Open Access consumers. The objector has requested the Commission to determine the Open Access charges i.e., Cross Subsidy Surcharge (CSS), Wheeling charge and additional surcharge in such a way that the Open Access consumers are not unduly burdened due to these charges.

Response of DISCOMs

No comments

Commission's observation

Additional surcharge has to be paid by the consumers who avail Open Access as per section 42(4) at the Electricity Act 2003 to be determined by the Commission as per Regulations.

Issue 23: Inclusion of Trading Margin of GUVNL in power purchase cost for determination of Cross Subsidy Surcharge for FY 2014-15

The OPGS Power Gujarat Private Ltd has stated that GUVNL charges 4 paise from DISCOMs for transaction of every unit of energy and this component of power purchase cost is approved by the Commission. Hence while calculating the weighted average cost of power purchase of top 5% at the margin for the determination of CSS for FY 2014-15, the 4 paise/unit charged by GUVNL shall also be added as it is part of power purchase cost of DISCOMs.

Response of DISCOMs

The Commission determines the cross subsidy surcharge in accordance with the provision of National Tariff Policy.

Commission's observation

The response of the DISCOMs is noted.

3.2 Suggestions/objections pertaining to DGVCL

Issue 1: Tariff under LT – Temp Category

Grasim Industries Ltd has stated that tariff is available for LT temporary category as Rate: TMP. Since cost to supply/service for HT category is lower than LT and more particularly so for a generating company already having connectivity with Grid/STU, there appears to be no problem in permitting start up power with similar conditions to HT category.

Response of DISCOM

The LT-Temp tariff category is applicable to services of electricity supply for temporary period at low voltage and for HT consumers, temporary connection is available under HTP-III category. Consumers who want power for specific time period can avail connection under HTP-III category and charges will be applicable as per tariff schedule applicable from time to time.

Commission's observation

The response of DISCOM is noted.

Issue 2: Levy of Parallel operation charges for CPP consumers

M/s Grasim Industries have suggested that utilities be directed for not to levying POC to CPP consumer.

Response of DISCOM

The parallel operation charges apply to all CPPs operating in parallel with the State Transmission utilities and / or distribution licensee network as determined by the Commission in the order dated 01.06.2011 in the petition no: 256 of 2003, 867 of 2006 and 941 of 2008.

Commission's observation

The response of DISCOM is noted.

Issue 3: Reduction of Railway Traction Tariff

The Western Railways have requested for reduction in Railway Traction Tariff due to:

(a) Railways (GoI) are EHT consumer;

(b) Distribution loss of Railways are least; and

(c) Railways pay the bills promptly to DISCOMs.

Response of DISCOMs

It can be seen from the past tariff orders that there has been no revision in energy charges of Railways even though there has been substantial increase in the cost of operations and service for the utility and the rate of inflation. Moreover, the freight cost charged by Railways for transportation of fuel has been increased substantially in last couple of years.

The contention of the railways that the railway traction tariff should be lower than HT industrial category cannot be sustained on the basis of the following special facilities being extended and the harmful effects on its power system due to the Railway Traction load which warrants payment of higher charges by railways.

(i) Supply on two phases is given which induces imbalance in the system and excess demand reflects due to bunching of trains and charges at normal tariff and no penalty is levied. There is no load shedding, or power cuts unlike other HT consumers.

(ii) Traction load transmits fluctuation and harmonics, which are harmful to the equipment and generators. These are absorbed by the system of GEB and no extra charges is levied for these harmful injections by the traction load of railways.

Commission's analysis

The request of Western Railway and the response of DISCOMs are noted.

Issue 4: Cost of supply

Railway Traction, being EHV connection, technical, distribution and commercial losses are not there. Hence the cost of EHV supply should always be less compared to the average cost of supply of other categories of consumers.

Response of DISCOMs

The National Tariff Policy mentions the need to have a rationalization of tariff to various consumer categories such that it is more aligned to cost of supply and in a band of ± 20% to the average cost of supply. In order to ensure uniform tariff rates for all four state owned Distribution Companies, differential bulk supply tariff mechanism is in place. Accordingly average realization from Railway Traction is Rs. 6.64/kWh and (+) 20% of average cost is Rs. 6.69/kWh.

Commission's observation

The Commission has determined the tariff taking all factors into consideration.

Issue 5: Fuel Adjustment Cost

DISCOMs are charging very high FCA charges and increasing the same from time to time whereas no other SEBs have done like this where as the hike in fuel prices equally applies to all States. Hence it is not justifiable to levy steep hike FCA.

Response of DISCOMs

DISCOMs are transporting coal from coal mines located in Orissa, Chhattisgarh, Andhra Pradesh and Jharkhand which are farthest from Gujarat and the cost of transport of coal is much higher than the cost of coal. Further, the Railways has increased tariff for load transport in the recent past.

Also, the basic nature of FPPPA is adjustment related to power purchase cost i.e., passing on the increase or decrease, as the case may be. The FPPPA charge is levied on the consumer categories on account of the charges in power purchase cost which comprises almost to 85 to 90% of ARR. Any expenses related to Regulated business has to be recovered from the consumers and hence the FPPPA charges are recovered as incremental energy charges (Rs/kWh) as per the formulae approved by the Commission.

Commission's observation

The FPPPA charges are determined based on the actual cost of Fuel and Power Purchase on which DISCOMs have no control. The costs are passed on to the consumers.

Issue 6: Increase in Power factor incentive

Railways have requested that in view of the APTEL order in Case No. 224/2006 (against tariff order of GERC dated 6.5.2006), to restore the original power factor incentive rates at 1% instead of 0.5% as best efforts are being made by Railways to improve PF of the system. Since Gujarat is charging penalty at 1% for PF below 0.9, Power Factor should be enhanced to rates as existing in Madhya Pradesh which is 1.5% of energy charges for PF from 0.95 to 0.96, 2% for 0.96 to 0.97, 3% for 0.97 to 0.98, 5% for 0.98 and 7% for 0.99 and above.

Response of DISCOMs

The PF incentive of 0.5% is fixed by Commission in Review Petition No: 2 & 3 of 2007 filed by Western Railway after a lot of discussion and deliberation on both sides.

Commission's observation

The response of DISCOMs is noted.

Issue 7: Increase in EHV rebate from 1 to 1.5%

Western Railways requested for increase in EHV rebate from 1% to 1.5%.

Response of DISCOMs

Rebate to consumers availing supply at HV level should be commensurate with the reduction in losses from normal voltage level for which the tariff has been determined. It is difficult to quantify the exact savings in energy losses due to power supply at HV class.

Commission's observation

The response of DISCOMs is noted.

Issue 8: Fixation of Ceiling for FPPPA

Western Railways requested for fixation of upper ceiling for FPPPA.

Response of DISCOMs

National Tariff Policy provides for recovery of uncontrollable cost speedily to ensure that future consumers are not burdened with the past cost. Prior approval of the Commission however is taken in case increase in fuel charges is beyond 10 paise/kWh in a quarter.

Commission's observation

As mentioned earlier the FPPPA are arrived at based on actual cost of fuel/power purchased every quarter and increase or reduction in cost is passed on to the consumers. It is not possible to fix ceiling.

Issue 9: Need for Simultaneous Maximum Demand

DISCOMs levy charges based on the contract demand at individual traction substation and levy penalties for exceeding contract demand. Due to bunching of trains in the feed zone of traction substation demand will shoot up for a short spell at a couple of substations. Hence it becomes logical and appropriate that traction tariff should be made a single part tariff and if not, demand changes should be based as simultaneous maximum demand of various traction substations.

Response of DISCOMs

As per the directives of the Commission, a meeting was held with Railway authorities and an understanding was given that after allowing bunching of trains, the issue is largely being addressed. There is no difference between load/demand of railways at various locations, and the load/demand of other industries having multiple location/factories in DISCOM and who may also claim simultaneous maximum demand. Further if simultaneous maximum demand is allowed, it means that the sum of the demand at various locations can be drawn at a single location which may have catastrophic consequence as electrical infrastructure of DISCOM side is not designed / provided for entire load of all location at a particular location. Therefore it is not possible to accept simultaneous maximum demand.

Commission's observation

The response of the Petitioner is noted.

4. Truing up for FY 2012-13

The DGVCL, in its submission for True-up of FY 2012-13, has furnished details of the actual energy sales, expenditure and revenue for FY 2012-13, based on the audited annual accounts for FY 2012-13. The licensee has stated that the truing up for FY 2012-13 is based on the comparison of the actual performance of the FY 2012-13 with the approved aggregate revenue requirement for FY 2012-13 in the Tariff Order dated 6th September, 2011 to arrive at the Gains/(Losses), as per the GERC (MYT) Regulations.

The Commission has analysed the components of the actual energy sales, expenses, revenue and computed Gains/(Losses) in the process of truing up for FY 2012-13.

4.1 Energy sales

Licensee's submission

The licensee has submitted the category-wise actual energy sales for FY 2012-13, as given in the Table below:

Table 4.1: Category–wise actual sales for FY 2012-13

Sl. No.	Particulars	Sales (MU)	
		FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Submitted in Truing up)
A	**LT Consumers**		
1	RGP	2088	1918
2	GLP	3782	32
3	Non RGP & LTMD		3606
4	Public Water works	126	127
5	Agriculture – Metered	200	207
6	Agriculture – Un-metered	423	421
7	Public Lighting	36	39
	LT Total (A)	**6655**	**6350**
B	**HT Consumers**		
8	Industrial HT	3979	4673
9	Railway Traction	306	314
	HT Total (B)	**4285**	**4987**
	Grand Total (A+B)	**10940**	**11337**

Commission's Analysis

The Commission, in the MYT order dated 6th September, 2011, had approved the energy sales of 10940 MU for FY 2012-13. As against the above, DGVCL has submitted the actual sales of 11337 MU for FY 2012-13.

It can be seen from the above Table that the actual energy sales of the residential and commercial (Non RGP and LTMD) categories are lower than those approved by the Commission for FY 2012-13 and the energy sales to the Industrial HT category are higher than those approved in the MYT Order. Overall, the actual energy sales of DGVCL are higher by 397 MU, against those approved in the MYT Order.

The Commission approves the energy sales of 11337 MU for FY 2012-13, as detailed in the Table below:

Table 4.2: Energy sales approved in the truing up for FY 2012-13

Sl. No.	Particulars	Sales (MU)		
		FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Submitted in Truing up	FY 2012-13 (Approved in Truing up)
A	**LT Consumers**			
1	RGP	2088	1918	1918
2	GLP	3782	32	32
3	Non RGP & LTMD		3606	3606
4	Public Water works	126	127	127
5	Agriculture – Metered	623	207	207
6	Agriculture – Un-metered		421	421
7	Public Lighting	36	39	39
	LT Total (A)	6655	6350	6350
B	**HT Consumers**			
8	Industrial HT	3979	4673	4673
9	Railway Traction	306	314	314
	HT Total (B)	4285	4987	4987
	Grand Total (A+B)	10940	11337	11337

4.2 Distribution losses

Licensee's submission

The licensee has submitted that the actual distribution losses for FY 2012-13 were 11.56%, as against the approved level of 12.00% for FY 2012-13. The licensee has submitted that the distribution losses need to be treated as controllable and any gains or losses have to be dealt with accordingly, as per provisions of GERC (MYT) Regulations, 2011.

Commission's Analysis

The DGVCL has submitted that the actual distribution loss for FY 2012-13 was 11.56%, which is lower than the distribution loss level of 12.00% approved by the Commission in the MYT Order dated 6th September, 2011.

The Commission considers distribution loss as controllable as per GERC (MYT) Regulations, 2011. Accordingly, the Commission considers the distribution loss of 12.00% as approved in the MYT Order for the truing up of FY 2012-13, as shown in the Table below for computation of Gains/(Losses) due to variance in distribution losses.

Table 4.3: Distribution Losses considered for truing up for FY 2012-13

(%)

Particulars	FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Actual)	FY 2012-13 (Considered in True-up)
Distribution Loss	12.00	11.56	12.00

4.3 Energy Requirement

Licensee's submission

DGVCL has submitted the energy requirement for FY 2012-13, based on the actual energy sales and the actual distribution losses for FY 2012-13. The following Table summarises the energy requirement of DGVCL for FY 2012-13:

Table 4.4: Energy requirement and Energy balance as submitted by DGVCL for FY 2012-13

Sl. No.	Particulars	Unit	FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Submitted in Truing up)
1	Energy Sales	MU	10940	11337
2	Distribution Losses	MU	1492	1482
		%	12.00	11.56
3	Energy Requirement	MU	12432	12819
4	Transmission Losses	MU	534	602
		%	4.12	4.48
5	Total energy to be input to transmission system	MU	12966	13421
6	Pooled losses in PGCIL system	MU	275	50
7	**Total Energy Requirement**	**MU**	**13241**	**13471**

Commission's Analysis

The DGVCL has computed the energy requirement, based on the actual distribution losses of 11.56%, actual energy sales of 11337 MU and transmission losses of

4.48%. It can be seen from the above Table that the distribution losses are lower than those considered in the MYT Order. However, the transmission losses are higher than those considered in the MYT Order.

Accordingly, the Commission has computed the energy requirement of DGVCL for FY 2012-13, as shown in the Table below:

Table 4.5: Energy requirement approved by the Commission for truing up for FY 2012-13

Sl. No.	Particulars	Unit	FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Actuals submitted in the petition)	FY 2012-13 (considered for truing up for the purpose of energy requirement)
1	Energy Sales	MU	10940	11337	11337
2	Distribution Losses	MU	1492	1482	1482
		%	12.00	11.56	11.56
3	Energy Requirement	MU	12432	12819	12819
4	Transmission Losses	MU	534	602	602
		%	4.12	4.48	4.48
5	Total energy to be input to transmission system	MU	12966	13421	13421
6	Pooled losses in PGCIL system	MU	275	50	50
7	**Total Energy Requirement**	**MU**	**13241**	**13471**	**13471**

4.4 Power purchase cost

Licensee's submission

The licensee has submitted that the company has been allotted share of generation capacities, as per the scheme worked out by GUVNL.

During the year, based on the requirement of power, the generation capacities have been allocated to DGVCL. Based on the allocation, if there is surplus power, the distribution company sells the power to GUVNL. The comparison of the approved and actual power purchase cost, as submitted by DGVCL, is as shown below:

Table 4.6: Net Power Purchase Cost for FY 2012-13

(Rs. Crore)

Particulars	**Approved in MYT Order**	**Actual submitted**
Total Power Purchase Cost	5357.06	6347

The Power Purchase Cost given above is the net power purchase cost after considering the net UI Cost Payable/receivable and the revenue from sale of power to GUVNL. The DGVCL has submitted the actual power purchase cost during FY 2012-13, as shown below:

Table 4.7: Power purchase cost submitted by DGVCL for FY 2012-13

Sl. No.	Particulars	Amount (Rs. Crore)	Units (MU)
1	Power Purchase from GUVNL	6329	13440
2	Power Purchase from others (wind, solar etc.,)	10	28
3	UI import	116	297
4	Total Power Purchase (1+2+3)	6455	13765
5	Power sold to GUVNL	83	212
6	UI export	25	82
7	Net Power Purchase Cost (4-5-6)	6347	13471

It is submitted by DGVCL that the variation in the approved power purchase cost by the Commission and the actual power purchase cost incurred is due to various reasons. These include: change in the power purchase cost, change in quantum of power purchased, consequent changes in the transmission charges payable and GUVNL cost allocation.

The quantum of power purchase depends upon sales during the year, as well as the losses in the system. The actual distribution losses in DGVCL distribution network have been lower than the approved level. However, the sale was higher, as compared to the limit approved by the Commission and hence, the quantum of power purchased was higher than the approved quantum of power required.

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

Commission's Analysis

The Commission has examined the actual quantum of power purchased and the power purchase cost during the year FY 2012-13, based on the actual energy sales and the distribution losses submitted by DGVCL. It is observed by the Commission that GUVNL cost allocated to the Discoms is less than 4 paise/unit allowed in the MYT order dated 6th September, 2011. Hence, the Commission allows the same. The sales and the quantum of power purchase and the power purchase cost are as per the audited annual accounts for the FY 2012-13. The power purchase cost, as per the audited annual accounts for FY 2012-13, is Rs. 6346.72 Crore, as shown in the Table below:

Table 4.8: Power purchase cost as per the audited accounts for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Amount
1	Power Purchase from GUVNL	6329.20
2	Power Purchase from Others (Wind/Solar)	10.15
3	UI Import	115.90
4	Total Power Purchase	6455.25
5	Power sold to GUVNL	83.22
6	UI Export	25.31
7	**Net Power Purchase Cost (4-5-6)**	**6346.72**

The Commission, accordingly, approves the power purchase cost of Rs. 6346.72 Crore in the truing up for FY 2012-13.

Table 4.9: Power purchase cost approved by the Commission for truing up for FY 2012-13

(Rs. Crore)

Particulars	FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Submitted in Truing up)	FY 2012-13 (Approved in True-up)
Total Power Purchase Cost	5357.06	6346.72	6346.72

4.4.1 Gains/(Losses) due to distribution losses

The Commission had approved the distribution loss at 12.00% in the MYT Order, against which the actual distribution loss of DGVCL is 11.56% for FY 2012-13.

The total Gains/(Losses) on account of lower distribution loss are computed in the Table below:

Table 4.10: Gains/(Losses) on account of distribution losses for FY 2012-13

Sl. No.	Particulars	Unit	Actuals submitted for FY 2012-13	Considered for computation of Gains/(Losses) for FY 2012-13
1	Energy sales	MU	11337	11337
2	Distribution losses	MU	1482	1546
		%	11.56	12.00
3	Energy Requirement	MU	12819	12883
4	Gains/(Losses) due to distribution losses	MU	64	64
5	Average cost of power purchase	Rs./kWh	4.71	4.05
6	Gains/(Losses) due to distribution losses	Rs. Crore	30.14	25.92

The total gain on account of lower distribution losses, as submitted by DGVCL, is Rs. 30.14 Crore and as computed by the Commission, it is Rs. 25.92 Crore. DGVCL has considered Wt. Avg. rate of power purchase as actual for FY 2012-13, instead of Wt. Avg. rate of power purchase approved by the Commission in MYT Order.

While computing the Gains/(Losses) due to change in distribution losses, the Commission has considered the distribution losses @ 12.00% of actual energy sales proposed by DGVCL to arrive at change in energy requirement at the distribution periphery and did not consider the transmission losses to factor the efficiency of distribution activities only. Further, to arrive at Gains/Losses due to change in energy requirement, the Commission considered Wt. Avg. rate of power purchase, as approved in the MYT Order.

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

Table 4.11: Approved Gains/(Losses) – power purchase expenses for truing up for FY 2012-13

(Rs. Crore)

Particulars	FY 2012-13 (Approved in MYT Order)	FY 2012-13 (Approved in True-up)	Deviation + / (-)	Gains/(losses) due to controllable factors	Gains/(losses) due to uncontrollable factors
Total Power Purchase Cost	5357.06	6346.72	(989.66)	25.92	(1015.58)

4.5 Fixed Charges

4.5.1 Operations and Maintenance (O&M) expenses for FY 2012-13

The DGVCL has submitted Rs. 196.00 Crore towards actual O&M expenses in the truing up for FY 2012-13, as against Rs. 194.00 Crore considered for FY 2012-13 in the MYT Order dated 6th September 2011, as detailed in the Table below:

Table 4.12: O&M expenses submitted in the Truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13	Deviation + / (-)
1	Employee cost	177	218	(41)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13	Deviation + / (-)
2	Repairs and Maintenance	29	28	1
3	Administration and General expenses	32	47	(14)
4	Other debits	4	6	(2)
5	Extraordinary items	0	0	0
6	Net prior period expenses/ (income)	-	(4)	4
7	Other expenses capitalized	(48)	(99)	51
8	**Total O&M Expenses**	**194**	**196**	**(1)**

Licensee's submission

The DGVCL has submitted that the O&M expenses consist of the following elements:

- Employee expenses
- Repairs and Maintenance expenses
- Administrative and General expenses
- Other debits
- Extraordinary items
- Net prior period expense/ (income)
- Other expenses, capitalised

The DGVCL has compared the O&M expenses actually incurred during FY 2012-13 with the expenses approved by the Commission for the year in the MYT Order for FY 2012-13 and arrived at a gain of Rs. 12 Crore on account of uncontrollable factors and loss of Rs. 14 Crore on account of controllable factors, as detailed in the Table below:

Table 4.13: O&M expenses and Gains/(Losses) submitted in the truing up for FY 2012-13

(Rs. Crore)

Sl. No	Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13	Gains/(losses) due to controllable factors	Gains/(losses) due to uncontrollable factors
1	Employee Cost	177	218	-	(41)
2	Repair and Maintenance	29	28	1	-
3	Administration and General expenses	32	47	(14)	-
4	Other debits	4	6	-	(2)
5	Extraordinary Items	0	0	-	0
6	Net prior period expenses/ (income)	-	(4)	-	4

Sl. No	Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13	Gains/(losses) due to controllable factors	Gains/(losses) due to uncontrollable factors
7	Other expenses capitalized	(48)	(99)	-	51
8	**Total O&M Expenses**	**194**	**196**	**(14)**	**12**

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

4.5.2 Employee Cost

The DGVCL has submitted Rs. 218 Crore towards actual employee cost in the truing up for FY 2012-13. The employee cost approved for FY 2012-13 in MYT Order of 6th September, 2011, and submitted by DGVCL in the truing up, are as given in the Table below:

Table 4.14: Employee cost submitted by DGVCL in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
Employee cost	177	218

Licensee's submission

The DGVCL has submitted that the employee cost was as per the directions of the State Government. DGVCL has requested that the variation in employee cost be considered as uncontrollable and, accordingly, appropriate treatment be given to the same. DGVCL has estimated a loss of Rs. 41 Crore, on account of uncontrollable Employee cost.

Commission's Analysis

The DGVCL has compared the actual employee cost of Rs. 218 Crore incurred during FY 2012-13 with Rs. 176.68 Crore considered in the MYT Order for FY 2012-13. The actual employee cost, as per the audited annual accounts for FY 2012-13, is Rs. 217.60 Crore.

The Commission considers the employee cost as a controllable expense, in accordance with the GERC (MYT) Regulations, 2011.

The Commission approves the employee cost at Rs. 217.60 Crore in the Truing up for FY 2012-13, as per audited accounts.

4.5.3 Repairs and Maintenance (R&M) Expenses

The DGVCL has submitted Rs. 28 Crore towards R&M expenses in the Truing up for FY 2012-13, as against Rs. 29 Crore approved for FY 2012-13 in the MYT Order. The R&M expenses approved for FY 2012-13 in MYT Order of 6th September 2011, and submitted by DGVCL in the truing up are as given in the Table below:

Table 4.15: R&M Expenses submitted by DGVCL for the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
Repairs and Maintenance expenses	28.70	28.00

Licensee's submission

The DGVCL has submitted that the assets of DGVCL are old and require regular maintenance to endure uninterrupted operations. It is further submitted that DGVCL has been trying its best to ensure uninterrupted operations of the system, by undertaking R&M activities, which are uncontrollable in nature.

The DGVCL has estimated a gain of Rs. 1.00 Crore due to controllable factors.

Commission's Analysis

The actual R&M expenses incurred during FY 2012-13 are Rs. 28.07 Crore, as per the audited annual accounts. The R&M expense is a controllable item of expenditure under the GERC (MYT) Regulations, 2011.

The Commission approves the R&M expenses at Rs. 28.07 Crore in the Truing up for FY 2012-13, as per audited accounts.

4.5.4 Administration and General (A&G) expenses

The DGVCL has mentioned Rs. 47 Crore towards A&G expenses in the truing up for FY 2012-13. The A&G expenses approved for FY 2012-13 in the MYT Order of 6th September, 2011, and submitted by DGVCL in the truing up are as given in the Table below:

Table 4.16: A&G expenses submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
A&G expenses	32.43	47.00

Licensee's submission

The DGVCL has submitted that the A&G expenses are categorised as controllable expenses in the GERC (MYT) Regulations, 2011 and the actual A&G expenses, when compared with the approved value, resulted in a loss of 14 Crore for FY 2012-13.

Commission's Analysis

The actual A&G expenses, as per the audited annual accounts for FY 2012-13, are Rs. 49.96 Crore and are higher than what was approved in the MYT Order for FY 2012-13 by Rs. 17.53 Crore. The increase is mainly observed on other professional fees and other miscellaneous expenses.

The Commission approves the A&G expenses at Rs. 49.96 Crore in the truing up for FY 2012-13, as per audited accounts.

The parameters impacting A&G expenses are controllable in nature, as specified in the GERC (MYT) Regulations, 2011. The Commission, accordingly, considers the loss under A&G expenses as controllable.

4.5.5 Other Debits

Licensee's Submission

The DGVCL has submitted the actual other debits at Rs.6 Crore in the truing up, as against Rs.4 Crore approved in the MYT order dated 6th September, 2011 for FY 2012-13.

Commission's Analysis

The actual other debits, as per audited annual accounts for FY 2012-13, are Rs. 0.94 Crore.

The Commission approves the other debits at Rs. 0.94 Crore in the truing up for FY 2012-13.

4.5.6 Extraordinary Items

The DGVCL has not claimed any amount towards extraordinary items in the truing up for FY 2012-13, as against provision of Rs. 0.27 Crore approved in the Tariff Order for FY 2012-13.

Commission's Analysis

The actual extraordinary items are Rs. 0.16 Crore, as per the audited annual accounts for FY 2012-13.

The Commission approves the extraordinary items at Rs. 0.16 Crore in the truing up for FY 2012-13.

4.5.7 Net Prior Period Expenses / Income

The DGVCL has submitted Rs. 4 Crore towards net prior period expenses in the truing up for FY 2012-13.

Commission's Analysis

The DGVCL did not estimate prior period expenses in the MYT petition for FY 2012-13. These net prior period expenses are recognised through a directive in the MYT Order dated 6th September, 2011. The actual net prior period expenses accounted for in the audited annual accounts are Rs. 3.58 Crore.

The Commission approves the net prior period expenses of Rs. 3.58 Crore in the truing up for FY 2012-13.

4.5.8 Other Expenses Capitalised

The DGVCL has submitted the actual expenses capitalised at Rs. 99 Crore in the truing up for FY 2012-13, as against Rs. 48 Crore approved in the MYT Order for the FY 2012-13.

Commission's Analysis

The Commission has observed that the other expenses capitalised represent the capitalisation of employees cost, A&G expenses and interest charges, etc., as seen from Note 29 of the annual accounts for FY 2012-13. The actual other expenses capitalised are Rs. 103.85 Crore, as per the audited annual accounts for FY 2012-13. These other expenses capitalised include Rs. 4.51 Crore towards capitalisation of interest charges. The interest charges capitalised are excluded from this, since the interest charges are allowed on normative basis against the actual capitalisation of CAPEX.

The Commission approves the other expenses capitalized at Rs. 99.33 Crore, excluding the interest charges capitalised, in the truing up for FY 2012-13.

The total O&M expenses approved in the truing up for FY 2012-13 and the Gains/(Losses) considered due to controllable and uncontrollable factors are detailed in the Table below:

Table 4.17:Approved O&M expenses and Gains/(Losses) in the truing up for FY 2012-13.

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Approved in Truing up for FY 2012-13	Deviation + / (-)	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
1	Employee cost	176.68	217.60	(40.92)	(40.92)	
2	Repairs and Maintenance	28.70	28.07	0.63	0.63	
3	Administration and general expenses	32.43	49.96	(17.53)	(17.53)	
4	Other debits	4.23	0.94	3.29		3.29
5	Extraordinary items	0.27	0.16	0.11		0.11
6	Net prior period expenses	0.00	3.58	(3.58)		(3.58)
7	Other expenses capitalized	(48.00)	(99.33)	51.33		51.33
8	**Total O&M expenses**	**194.31**	**200.98**	**(6.67)**	**(57.82)**	**51.15**

4.5.9 Capital Expenditure, Capitalization and Funding of CAPEX

The DGVCL has furnished the capital expenditure at Rs. 533 Crore in the truing up for FY 2012-13, as against Rs. 302.26 Crore considered in the ARR for FY 2012-13 in the MYT Order. The details are as given in the Table below:

Table 4.18: Capital Expenditure Submitted by DGVCL for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Considered in the MYT Order for FY 2012-13	Claimed in Truing up for FY 2012-13
1	Distribution Schemes	91.21	158.00
2	Rural Electrification Schemes	134.85	220.00
3	Non-Plan Schemes	10.00	118.00
4	Others	2.00	-
5	Other New Schemes	64.20	37.00
6	**Total Capital Expenditure**	**302.26**	**533.00**

Licensee's submission

The DGVCL has submitted that the actual capital expenditure incurred during FY 2012-13 was Rs. 533 Crore, which is higher than what was considered for FY 2012-13 by Rs. 231 Crore in the MYT Order dated 6th September, 2011, but the actual capitalisation claimed by DGVCL for FY 2012-13 is Rs. 479 Crore.

Commission's Analysis

The capital expenditure considered in the ARR for FY 2012-13 in the MYT Order dated 6th September, 2011 was Rs. 302.26 Crore. The actual capital expenditure incurred has been given as Rs. 533 Crore, which is about 76% higher than the CAPEX considered in the ARR for FY 2012-13. The actual CAPEX, as per audited annual accounts for FY 2012-13, was Rs. 533.49 Crore. The actual capitalisation was Rs. 478.99 Crore, as per the audited accounts for FY 2012-13.

On a query from the Commission, DGVCL vide E-mail dated 17.04.2014 clarified that during the year 2012-13, DGVCL has received grant of Rs.150.17 Crore and consumer contribution of Rs.132.89 Crore which are as per the audited annual accounts, The DGVCL has explained the reasons for increase in expenditure under various heads.

The Commission, approves, the capitalisation at Rs. 478.99 Crore in the truing up for FY 2012-13.

The CAPEX, capitalisation and funding submitted by the DGVCL and approved by the Commission are as given in the Table below:

Table 4.19: Approved capitalization and source of funding in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved in the MYT Order for FY 2012-13	Claimed in Truing up for FY 2012-13	Approved in Truing up for FY 2012-13
1	Capital Expenditure	302.26	533.00	533.49
2	Capitalisation	302.26	479.00	478.99
3	Less: Balance capitalisation brought forward from previous year	-	-	12.90
4	Less: Consumer Contribution	75.00	80.00	150.18
5	Less: Subsidies and Grants	140.00	86.00	132.90
6	Balance Capitalisation	87.26	313.00	183.01
7	Debt (70%)	61.08	219.00	128.11
8	Equity (30%)	26.18	94.00	54.90

4.5.10 Depreciation

The DGVCL has submitted Rs. 136 Crore towards depreciation in the truing up for FY 2012-13. The depreciation charges in the MYT Order of 6th September, 2011 and submitted by DGVCL in the truing up for FY 2012-13 are as given in the Table below:

Table 4.20: Depreciation submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
Depreciation	135.43	136.00

Licensee's submission

The DGVCL has submitted that the amount of depreciation, as per actuals, is higher than the approved depreciation.

The DGVCL has considered the depreciation rate, as per the CERC Regulations, 2009, and computed the depreciation, as detailed in the Table below:

Table 4.21: Fixed Assets and Depreciation for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13	Deviation + / (-)
1	Gross block at the beginning of the year	2419	2338	
2	Additions during the year	302.00	479.00	
3	Depreciation for the year	135	136	(0)
4	Average rate of depreciation	5.27%	5.27%	

The DGVCL has further submitted that the actual depreciation for FY 2012-13, as against the value approved in the Tariff Order, resulted in a net uncontrollable loss of Rs. 0 Crore as detailed in the Table below:

Table 4.22: Gains/(Losses) due to depreciation submitted in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Depreciation	135.00	136.00	0	(0)

Commission's Analysis

The opening balance of GFA, the net addition during the year FY 2012-13 and the closing balance of GFA have been verified with the audited annual accounts for FY 2012-13. The DGVCL has adopted the opening balance of GFA at Rs. 2337.69 Crore and this is as per the audited accounts for FY 2012-13. The depreciation rate of 5.27% adopted is in line with the depreciation rates specified in CERC Tariff Regulations, 2009. The depreciation, as per annual accounts, is Rs. 120.77 Crore, as per the rates prescribed in Schedule XIV of the Companies Act, 1956.

The Commission has computed the depreciation at Rs. 135.82 Crore in the truing up for FY 2012-13, as detailed in the Table below:

Table 4.23: Approved depreciation in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Claimed in Truing up for FY 2012-13	Approved for FY 2012-13 in truing up
1	Gross block at the beginning of the year	2338	2337.69
2	Additions during the year	479	478.99
3	Depreciation for the year	136	**135.82**
4	Average rate of depreciation	5.27%	5.27%

As regard to the computation of Gains/(Losses), Regulation 23.2 considers the variation in capitalisation on account of time and/or cost overruns / efficiencies in the implementation of capital expenditure projects, not attributable to an approved change in scope of such project, change in statutory levies or force majeure events, as a controllable factor. While approving the True-up for FY 2011-12, the Commission had considered the variation in the Capitalisation and the resultant change in depreciation, Interest on borrowings and Return on Equity as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of depreciation in the truing up for FY 2012-13, as detailed in the Table below:

Table 4.24: Gains/ (Losses) due to depreciation approved in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in Truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Depreciation	135.43	135.82	0	(0.39)

4.5.11 Interest and Guarantee charges

The DGVCL has submitted Rs. 89.00 Crore towards interest and guarantee charges in the truing up for FY 2012-13, as against Rs. 50.09 Crore approved in the Tariff Order for FY 2012-13, as detailed in the Table below:

Table 4.25: Interest and Guarantee charges submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13
Interest and Finance charges	50.09	89.00

Licensee's submission

The DGVCL has submitted that it has considered the closing balance of loan for FY 2011–12 as the opening balance of loan approved in the truing up for FY 2012-13. DGVCL has considered the weighted average rate of interest of 9.05%, as against 9.50% considered in MYT Order for FY 2012-13. In addition, DGVCL has considered the guarantee charges payable on legacy loan from the erstwhile GEB and interest on security deposits. The details of interest and guarantee charges submitted by DGVCL are as given in the Table below:

Table 4.26: Interest and Guarantee charges submitted in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13	Deviation
1	Opening loans	228	158	
2	New loan during the year	61	219	
3	Repayment during the year	135	136	
4	Closing loans	153	241	
5	Average loans	**190**	**199**	
6	Interest on loans	18	18	0
7	Interest on security deposit	31	69	(38)
8	Guarantee charges & Other finance charges	1	2	(1)
9	Total Interest & Guarantee Charges	**50**	**89**	**(39)**
10	Weighted average rate of interest	**9.50%**	**9.05%**	

The DGVCL has further submitted that interest and guarantee charges are categorised as uncontrollable, as per the GERC (MYT) Regulations, 2011 and, accordingly, worked out the deviation in the actual vis-à-vis the approved expenses under uncontrollable factors. Details of these are as given in the Table below:

Table 4.27: Gains/ (Losses) submitted due to Interest & Guarantee charges for FY 2012-13

(Rs. Crore)

Particulars	**Approved for FY 2012-13 in MYT order**	**Claimed in Truing up for FY 2012-13**	**Gains/(Losses) due to controllable factors**	**Gains/(Losses) due to uncontrollable factors**
Interest and Guarantee charges	50.00	89.00	-	(39.00)

Commission's Analysis

The Commission has analysed the loan taken for capital expenditure and approved the opening loans towards capital expenditure at Rs. 157.68 Crore, being the closing balance of loan approved in the truing up for FY 2011-12 in the Tariff Order dated 16th April 2013. This is taken as the opening balance of loan in the truing up for FY 2012-13. The normative addition of loan during FY 2012-13 has been considered as approved in Table 4.19 above based on the actual capitalisation as per the audited annual accounts. The interest on security deposits is submitted at Rs. 69 Crore and this is Rs. 69.29 Crore, as per audited accounts for FY 2012-13.

The repayment of loan is submitted as Rs. 136 Crore in the truing up for FY 2012-13, which is equivalent to the depreciation. The guarantee charges and other finance charges, as per audited accounts for FY 2012-13, are Rs. 1.69 Crore. DGVCL has submitted vide e-mail dated 30.03.2014 details of the actual opening balance as on 01.04.2012 for each loan portfolio and the rate of interest applicable for each loan portfolio for FY 2012-13. Based on these details, the weighted average rate of interest in accordance with the Clause 39 of GERC (MYT) Regulations, 2011, works out to 9.75%. Taking all these factors into consideration, the interest charges computed as detailed in the Table below:

Table 4.28: Interest & Guarantee charges approved by the Commission in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	**Particulars**	**Claimed in Truing up for FY 2012-13**	**Approved in truing up for FY 2012-13**
1	Opening loans	158	157.65
2	New loan during the year	219	128.11
3	Repayment during the year	136	135.82
4	Closing loans	241	149.94
5	Average loans	199	153.79
6	Interest on loans	18	14.99
7	Interest on security deposit	69	69.29
8	Guarantee and other finance charges	2	1.69

Sl. No.	Particulars	Claimed in Truing up for FY 2012-13	Approved in truing up for FY 2012-13
9	Total Interest & Guarantee charges	89	85.97
10	Weighted average rate of interest	9.05%	9.75%

The Commission approves the interest and guarantee charges at Rs. 85.97 Crore in the truing for FY 2012-13.

As noted in Para 4.5.10 above, the Commission is of the view that the parameters which impact interest and finance charges should be treated as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of interest and guarantee charges in the truing up for FY 2012-13, as detailed in the Table below:

Table 4.29: Gains/ (Losses) approved in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in Truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Interest and Guarantee charges	50.00	85.97	-	(35.88)

4.5.12 Interest on Working Capital

The DGVCL has not submitted any claim towards interest on working capital in the truing up for FY 2012-13, as against Nil provision approved in the MYT Order for FY 2012-13 which are as detailed in the Table below:

Table 4.30: Interest on Working Capital submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13
Interest on working capital	Nil	Nil

Licensee's submission

The licensee has submitted that the interest on working capital has been calculated, based on the normative principles outlined in the terms and conditions of tariff Regulations at an interest rate of 14.75%, being the Short-Term Prime Lending Rate of SBI as on 01/04/2012, as against 11.75% approved in the MYT Order for FY 2012-13.

The detailed computation of interest on working capital is as given in the Table below:

Table 4.31: Interest on working capital submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
1	O&M expenses (one month)	16.19	16
2	Maintenance spares (1% of opening GFA)	20.51	27
3	Receivables	435.37	561
4	Less: Security deposits from Consumers	651.14	864
5	Total working capital	(179.07)	(260)
6	Rate of interest on working capital	11.75%	14.75%
7	Interest on working capital	-	-

Commission's Analysis

The Commission has examined the computation of normative working capital and interest thereon under GERC (MYT) Regulations, 2011. Regulation 41.2 (b) specifies that interest shall be allowed at a rate equal to the State Bank Advance Rate (SBAR) as on 1st April of the Financial year in which the petition is filed. While truing up for FY 2011-12, the Commission had decided to consider the rate SBAR prevailing as on 1st April of the financial year for which Truing up is being done, instead of 1st April of the financial year in which the petition was filed. The SBAR as on 1st April, 2012 was 14.75%. The Commission, accordingly, takes into consideration the SBAR of 14.75% in computation of Interest on Working Capital for FY 2012-13.

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

Table 4.32: Interest on working capital approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up for FY 2012-13	Approved for FY 2012-13 in truing up
1	O&M expenses (one month)	16	16.74
2	Maintenance spares (1% of opening GFA)	27	23.38
3	Receivables (1 month of sales)	561	538.64
4	Less: Security deposit from Consumers (Avg.)	864	835.69
5	Total working capital	(260)	(256.93)
6	Rate of interest on working capital	14.75%	14.75%
7	Interest on working capital	Nil	Nil

The Commission approves the interest on working capital as Nil in the truing up for FY 2012-13.

4.5.13 Provision for bad debts

The DGVCL has claimed Rs. 39 Crore towards provision for bad debts in the truing up for FY 2012-13, as against Rs. 4 Crore approved in the MYT Order for FY 2012-13. The details are as given in the Table below:

Table 4.33: Provision for bad debts submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
Provision for bad debt	4.00	39.00

Licensee's submission

The DGVCL has claimed Rs. 39 Crore towards provision for bad debts and doubtful debts and submitted that comparison of the value with the figure approved in the MYT Order resulted in a loss of Rs. 35 Crore on account of controllable factors, which are as shown in the Table below:

Table 4.34: Provision for bad debts for FY 2012-13

(**Rs. Crore)**

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13	Gains/(losses) due to controllable factors	Gains/(losses) due to uncontrollable factors
Provision for bad debt	4.00	39	(35)	-

Commission's Analysis

On a query from the Commission, DGVCL has clarified vide e-mail dated 26.03.2014 that out of the total amount of Rs. 39.28 Crore shown as bad debt written-off in the annual accounts for FY 2012-13, Rs. 39.18 Crore is the amount written off under the Amnesty Scheme. The Bad debt written off can be allowed in True-up to the extent of the actual bad debt incurred by the utility as a business risk only. Accordingly, the amount written off under Amnesty Scheme is disallowed in True-up. In view of the above, the Commission allows the bad debt Rs. 0.10 Crore as the amount written-off in True-up of FY 2012-13.

The Commission, therefore, approves at Rs. 0.10 Crore towards bad and doubtful debts written off in the truing up for FY 2012-13.

The deviation on account of bad debt written off is Rs. 3.74 Crore and the Commission considers the gain of Rs. 3.74 Crore due to controllable factors, as detailed in the Table below:

Table 4.35: Gains/ (Losses) due to Bad Debt approved in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for bad debt	3.84	0.10	3.74	-

4.5.14 Return on equity

The DGVCL has submitted Rs. 60 Crore towards return on equity in the truing up for FY 2012-13, as against Rs. 59.51 Crore approved in the MYT order for FY 2012-13, which are as given in the Table below:

Table 4.36: Return on equity submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
Return on equity	59.51	60.00

Licensee's submission

The licensee has submitted that DGVCL has computed the return on equity considering a rate of 14% on the average of opening and closing equity, taking into account the additions during the year FY 2012-13.

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

Table 4.37: Return on equity submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
1	Opening equity	411.95	381
2	Additional equity during the year	26.18	94
3	Closing equity	438.13	475
4	Average equity	425.04	428
5	Rate of return on equity	14%	14%
6	Return on equity	59.51	60

Commission's Analysis

The DGVCL has furnished the opening equity capital at Rs. 381.35 Crore for FY 2012-13 and it has submitted equity addition as Rs. 94 Crore during the FY 2012-13.

The actual opening equity, as on 01/04/2012, was Rs. 381.35 Crore, being the closing balance of equity approved in the True-up for FY 2011-12. The Commission has approved the normative equity addition as Rs 90.40 Crore in Table 4.19.

The Commission has computed the return on equity in the truing up for FY 2012-13, as detailed in the Table below:

Table 4.38: Return on equity approved for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Claimed in Truing up for FY 2012-13	Approved in truing Up for FY 2012-13
1	Opening equity	381	381.35
2	Additional equity during the year	94	54.90
3	Closing equity	475	436.25
4	Average equity	428	408.80
5	Rate of Return on Equity	14%	14%
6	Return on Equity	60	57.23

The Commission approves the return on equity at Rs. 57.23 Crore in the truing up for FY 2012-13.

As noted in Para 4.5.10 above, the factors impacting the Return on Equity are considered uncontrollable. The Commission, accordingly, approves the gains and losses, on account of Return on Equity, in the Truing up for FY 2012-13.

The Commission, accordingly, approves the Gains/(Losses), on account of return on equity, in the truing up for FY 2012-13, as detailed in the Table below:

Table 4.39: Approved Gains/(Losses) due to return on equity in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Return on equity	59.51	57.23	0	2.28

4.5.15 Taxes

The DGVCL has submitted Rs. 7 Crore towards income tax in the truing up for FY 2012-13, as against Rs. 19.33 Crore approved in MYT Order for FY 2012-13, as given in the Table below:

Table 4.40: Taxes submitted by DGVCL in the Truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
Provision for tax	19.33	7.00

Licensee's submission

The licensee has submitted that the actual tax worked out to be Rs. 7.00 Crore, as against Rs. 19.33 Crore approved in the MYT order for FY 2012-13. DGVCL has further mentioned that tax is a statutory expense and this should be allowed without any deduction. DGVCL has submitted a gain of Rs. 13.00 Crore on account of tax, as given in the Table below:

Table 4.41: Gains/ (Losses) submitted due to provision for tax for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for tax	19.33	7.00	0	13.00

Commission Analysis

The Commission has obtained the copies of Tax payer's counterfoil and found that the licensee has paid tax of Rs. 6.06 Crore.

The Commission approves the tax paid at Rs. 6.06 Crore, excluding interest, in the truing up for FY 2012-13.

With regard to the computation of Gains/(Losses), Regulation 23.1 considers variation in taxes on income as uncontrollable.

The Commission, accordingly, approves the Gains/(Losses) on account of tax on income in the truing up for FY 2012-13, which are as detailed in the Table below:

Table 4.42: Approved Gains/(Losses) due to tax in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Provision for tax	19.33	6.06	0	13.27

4.5.16 Non-Tariff Income

The DGVCL has furnished the actual Non-Tariff income at Rs. 137.00 Crore in the truing up for FY 2012-13, as against Rs. 88.62 Crore approved in the MYT order for FY 2012-13, which are as detailed in the Table below:

Table 4.43: Non-Tariff income submitted by DGVCL in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13
Non-Tariff Income	88.62	137.00

Licensee's submission

The licensee has submitted that the actual value of Non-Tariff income is Rs. 137.00 Crore, as against Rs. 88.62 Crore approved in the MYT order for FY 2012-13 and this resulted in a net uncontrollable gain of Rs. 49 Crore, which is as detailed in the Table below:

Table 4.44: Gains/(Losses) submitted due to Non-Tariff income for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Claimed in truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Non-Tariff Income	88.62	137.00	0	49

Commission's Analysis

The Commission has verified and found that the actual 'Non-Tariff income' is Rs. 167.02 Crore, including Delayed Payment Charge of Rs. 29.63 Crore, as per the audited annual accounts for FY 2012-13. The deviation is Rs. 78.40 Crore which is a gain.

The Commission approves the Non-Tariff income at Rs. 167.02 Crore in the truing up for FY 2012-13.

Table 4.45: Approved Gains/(Losses) due to Non-Tariff income in the truing up for FY 2012-13

(Rs. Crore)

Particulars	Approved for FY 2012-13 in MYT order	Approved in truing up for FY 2012-13	Gains/(Losses) due to controllable factors	Gains/(Losses) due to uncontrollable factors
Non-Tariff Income	88.62	167.02	0	78.40

4.6 Revenue from sale of power

The DGVCL has furnished the total revenue at Rs. 6657 Crore in the truing up for FY 2012-13, as against Rs. 5273 Crore considered in the Tariff Order for FY 2012-13, as detailed in the Table below:

Table 4.46: Revenue submitted in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Approved for FY 2012-13 in MYT Order	Claimed in Truing up for FY 2012-13
1	Revenue from sale of power	4494.07	6418
2	Other income (Consumer related)	63.00	194
3	Total revenue excluding subsidy (1+2)	5224.41	6612
4	Agriculture subsidy	49.00	45
5	Total revenue including subsidy (3+4+5)	5273.41	6657

Commission's Analysis

The Commission has verified the total revenue for FY 2012-13 from the audited accounts. The actual revenue from category-wise sales, as per audited accounts, is Rs. 6418.43 Crore. The revenue shown by the licensee from sale of power to GUVNL is Rs. 83.22 Crore and UI charges receivable are Rs. 25.31 Crore for FY 2012-13 and the same has been adjusted by the Commission against the power purchase cost for the FY 2012-13, as shown in the Table 4.8.

The Commission, accordingly, approves the total revenue of Rs. 6657.23 Crore, including Non-Tariff Income, at Rs. 193.52 Crore and agriculture subsidy at Rs. 45.28 Crore in the truing up for FY 2012-13.

Table 4.47: Revenue approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	Claimed in truing up for FY 2012-13	Approved for FY 2012-13 in Truing up
1	Revenue from sale of power	6418	6418.43
2	Other income (Consumer related)	194	193.52
3	Total revenue excluding subsidy (1+2)	6612	6611.95
4	Agriculture subsidy	45	45.28
5	Total revenue including subsidy (3+4+5)	6657	6657.23

4.7 ARR approved in the truing up

The Commission reviewed the performance of DGVCL under Regulation 22 of the GERC (MYT) Regulations, 2011, with reference to the audited accounts for FY 2012-

13. The Commission computed the gains/(losses) for FY 2012-13, based on the truing up for each of the component discussed in the above paragraphs.

The Aggregate Revenue Requirement (ARR) approved in the MYT order dated 6th September 2011, actual submitted in truing up and approved for truing up and Gains/(Losses) computed in accordance with GERC (MYT) Regulations, 2011 are a given in the Table below:

Table 4.48: ARR approved in truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Annual Revenue Requirement	Approved for FY 2012-13 in MYT order	Claimed in Truing up for FY 2012-13	Approved in Truing up for FY 2012-13	Deviation +/(-)	Gains/ (Losses) due to controllable factors	Gains/ (Losses) due to uncontrollable factors
1	**2**	**3**	**4**	**5**	**6=(3-5)**	**7**	**8**
1	Cost of power purchase	5357.06	6346.72	6346.72	(989.66)	25.92	(1015.58)
2	Operations & Maintenance expenses	194.31	196.00	200.98	(6.67)		
2.1	Employee cost	176.68	218.00	217.60	(40.92)	(40.92)	
2.2	Repairs and Maintenance	28.70	28.00	28.07	0.63	0.63	
2.3	Administration and General expenses	32.43	47.00	49.96	(17.53)	(17.53)	
2.4	Other debits	4.23	6.00	0.94	3.29		3.29
2.5	Extraordinary items	0.27	0.00	0.16	0.11		0.11
2.6	Net prior period expenses/ income	0.00	(4.00)	3.58	(3.58)		(3.58)
2.7	other expenses capitalised	(48.00)	(99.00)	(99.33)	51.33		51.33
3	Depreciation	135.43	136.00	135.82	(0.39)		(0.39)
4	Interest and Finance charges	50.09	89.00	85.97	(35.88)		(35.88)
5	Interest on working capital	0.00	0.00	0.00	0.00		0.00
6	Provision for bad debts	3.84	39.00	0.10	3.74	3.74	
7	Return on equity	59.51	60.00	57.23	2.28		2.28
8	Provision for Tax / tax paid	19.33	7.00	6.06	13.27		13.27
9	**Total expenditure (1to 8)**	**5819.57**	**6873.72**	**6832.88**	**(1013.31)**	**(28.16)**	**(985.15)**
10	Less: Non-Tariff income	88.62	137.00	167.02	78.40		78.40
11	**Aggregate Revenue Requirement**	**5730.95**	**6736.72**	**6665.86**	**(934.91)**	**(28.16)**	**(906.75)**

4.8 Sharing of Gains / (losses) for FY 2012-13

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:

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

b. 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."

4.9 Revenue Gap / Surplus for FY 2012-13

As shown in the Table below, the DGVCL has submitted a revenue gap of Rs. 98 Crore in the truing up after treatment of Gains/(Losses) due to controllable / uncontrollable factors, after comparing the performance with the Tariff Order for FY 2012-13.

Table 4.49: Projected Revenue Gap/Surplus FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	FY 2012-13
1	Aggregate Revenue Requirement originally approved for FY 2012-13	5,731
2	Gain / (Loss) on account of Uncontrollable factors to be passed on to Consumer	(1,034)
3	Gain / (Loss) on account of Controllable factors to be passed on to Consumer (1/3rd of Total Gain / Loss)	10
4	Revised ARR for FY 2012-13 (1 - 2 - 3)	6,755
5	Revenue from Sale of Power	6,418
6	Other Income (Consumer related)	194
7	Total Revenue excluding Subsidy(5+6)	6,612
8	Agriculture Subsidy	45
9	Total Revenue including Subsidy (7 + 8)	6,657
10	Revised Gap after treating gains/(losses) due to Controllable/ Uncontrollable factors (4 - 9)	98

The Commission compared the actual performance of DGVCL with the values approved in the MYT Order dated 6th September, 2011.

The revenue gap / surplus approved by the Commission for FY 2012-13 is summarised in the Table below:

Table 4.50: Revenue Surplus/(Gap) approved in the truing up for FY 2012-13

(Rs. Crore)

Sl. No.	Particulars	FY 2012-13
1	ARR approved in Tariff Order dated 31st March, 2011 for FY 2012-13	5730.95
2	Gain/ (Loss) on account of uncontrollable factors to be passed on to the consumer	(906.75)
3	Gain/ (Loss) on account of controllable factors to be passed on to the consumer (1/3rd of total gain/loss)	(9.39)
4	**Revised ARR for FY 2012-13(1-2-3)**	6647.09
5	Total revenue from sales	6418.43
6	Other income (consumer related)	193.52
7	Total revenue excluding subsidy(5+6)	6611.95
8	Agriculture subsidy	45.28
9	**Total revenue, including subsidy(7+8)**	6657.23
10	**Revised Surplus/(Gap) after Treating Gains/Losses due to Controllable/Uncontrollable factors (9-4)**	**10.14**

4.10 Consolidated revenue Surplus of the Discoms for FY 2012-13

The consolidated revenue surplus of the four Discoms viz. DGVCL, MGVCL, PGVCL and UGVCL, after truing up of FY 2012-13 is summarised below.

Table 4.51: Consolidated revenue surplus of four Discoms for FY 2012-13

(Rs. Crore)

Sl. No.	Discoms	Amount
1	DGVCL	10.14
2	MGVCL	(27.63)
3	PGVCL	(2.53)
4	UGVCL	25.70
	Total	**5.68**

While determining the ARR for FY 2014-15 in the MYT Order dated 6th September, 2011, the Commission has considered GUVNL cost of four paise per unit to be added to power purchase cost of each Discoms. GUVNL is entrusted for purchase of power on behalf of Discoms and sale of surplus power, if any, thereby adjusting power purchase cost of the Discoms. The 4 paise/unit is allowed by the Commission to GUVNL for meeting their expenses to carry out the business entrusted to it. It is very clear that any profit earned by GUVNL out of its statutory activities should be distributed amongst Discoms as the entire cost of GUVNL is being borne by Discoms. In view of the above, the Commission decides to adjust the amount of Rs. 13.81 Crore which is Profit After Tax in P&L Statement of the Annual Accounts of

GUVNL for FY 2012-13, in proportion to the energy procured, as shown in Table below:

Table 4.52: Net revenue (Gap) / Surplus approved for FY 2012-13

Sl. No.	Particulars	DGVCL	MGVCL	PGVCL	UGVCL	Total
1	Energy procured by four State Owned Discoms (in MUs)	13471	8533	25938	18321	66263
2	% share in procurement of energy	20.33%	12.88%	39.14%	27.65%	100.00%
3	Distribution of excess cost recovery by GUVNL as per % shown in (2) (in Rs. Crore)	2.81	1.78	5.41	3.82	13.82
4	Revenue (gap) / surplus after truing up of FY 2012-13 (in Rs. Crore)	10.14	(27.63)	(2.53)	25.70	10.74
5	**Net revenue (gap) / surplus of FY 2012-13 to be considered (4+3) (in Rs. Crore)**	**12.95**	**(25.85)**	**2.88**	**29.52**	**19.50**

5. Determination of Tariff for FY 2014-15

5.1 Introduction

This chapter deals with the determination of revenue gap/surplus, as well as consumer tariff for the FY 2014-15 for DGVCL. The Commission has considered the ARR approved in the Mid-term Review for FY 2014-15 and the adjustment on account of True-up for FY 2012-13, while determining the revenue gap/surplus for FY 2014-15.

5.2 Approved ARR for FY 2014-15

Based on the above approach, the Table below summarises the Annual Revenue Requirement, as approved by the Commission in the Mid-term Review for the FY 2014-15. Detailed analysis of each expense head has already been provided in the Mid-term Review.

Table 5.1: Approved ARR for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	MYT Order Approved	Projected in Mid-term Review	Approved in Mid-term Review
1	Cost of power purchase	6218.73	7,667	7632.47
2	Operations & Maintenance expenses	265.79	229	200.36
2.1	Employee cost	197.48	263	243.21
2.2	Repairs and maintenance	32.08	34	31.37
2.3	Administrative and general expenses	36.24	57	55.84
2.4	Other debits	4.23	6	0.94
2.5	Extraordinary items	0.27	0	-
2.6	Net prior period expenses / income	0.00	-	-
2.7	Other expenses capitalised	(54.00)	(131)	(131.00)
3	Depreciation	167.79	197	181.26
4	Interest and finance charges	34.99	133	117.05
5	Interest on working capital	0.00	-	0
6	Provision for bad debts	3.84	16	0.10
7	Return on equity	66.84	93	78.77
8	Provision for tax / tax paid	19.33	19	6.51
9	**Total expenditure (1 to 8)**	6727.81	**8,353**	**8,216.52**
10	Less: Non-Tariff income	88.62	143	173.77
11	**Aggregate Revenue Requirement**	**6639.19**	**8,210**	**8,042.75**

5.3 Projected Revenue from existing tariff for FY 2014-15

The DGVCL has projected the Revenue from sale of power at Rs. 7814 Crore in the Mid-term Review for FY 2014-15 with existing Tariff, including FPPPA of Rs. 1.20 per kWh, other Consumer related income and agriculture subsidy, as detailed in the Table below:

Table 5.2: Projected Revenue for FY 2014-15

(Rs. Crore)

Sl. No	Parameter	Projected in Mid-term Review
1	Revenue from Sale of Power @ Existing Tariff	5,965
2	Revenue from FPPPA at Rs. 1.20 per kWh	1,482
3	Other Income (Consumer Related)	314
4	Agriculture Subsidy (expected from government)	53
5	**Total Revenue**	**7,814**

The Category-wise estimated sales, number of consumers, connected load and sales revenue are as given in the Table below:

Table 5.3: Projected Sales, No. of Consumers, Connected Load and Category Wise Revenue for FY 2014-15

Sl. No	Particulars	Projected for FY 2014-15			
		Sales (MU)	No. of Consumers	Connected Load (KW)	Revenue (Rs. Crore)
A	**LT Consumers**				
1	Residential	2,290	2,285,323	1,812	870
2	Commercial	32	11,928	29	13
3	Industrial LT	3,976	322,282	1,821	1,960
4	Public Water Works	153	19,771	106	54
5	Agriculture	840	132,992	576	98
6	Public Lighting	45	6,143	25	18
	Total (A)	**7,335**	**2778439**	**4,369**	**3,013**
B	**HT Consumers**				
1	Industrial HT	4,673	3,255	2,377	2,764
2	Railway Traction	345	7	88	188
	HT Total (B)	**5,018**	**3,262**	**2,465**	**2,952**
	Grand Total	**12,353**	**2781701**	**6,834**	**5,965**

DGVCL has projected a revenue gap of Rs. 493 Crore for FY 2014-15 with the existing tariff, as detailed in the Table below:

Table 5.4: Projected Revenue gap/(surplus) for FY 2014-15 with existing Tariff

(Rs. Crore)

Sl. No	Parameter	FY 2014-15 (Projected)
1	Aggregate Revenue Requirement	8,210
2	Revenue Gap from True-up of FY 2012-13	98
3	**Total Aggregate Revenue Requirement**	**8,308**
4	Revenue with Existing Tariff	5,965
5	FPPPA Charges @ 120 paisa/kWh	1,482
6	Other Income (Consumer related)	314
7	Agriculture Subsidy	53
8	**Total Revenue including subsidy (4 to 7)**	**7,814**
9	**Gap / (Surplus) (3 - 8)**	**493**

Commission's Analysis

The Commission has reviewed the sales projected in the Mid-term Review and approved the sales at MU in the Mid-term Review. The Commission has recomputed the sales revenue based on the sales approved in the Mid-term Review and applying FPPPA @ Rs. 1.20 per kWh, as detailed in the Table below:

The Revenues, as approved for FY 2014-15 in the MYT Order and approved by the Commission in the Mid-term Review, are given in the Table below:

Table 5.5: Approved Sales and Category Wise Revenue for FY 2014-15

Sl. No	Particulars	Approved in MYT Order		Approved in Mid-term Review	
		MU	(Rs. Crore)	MU	(Rs. Crore)
A	**LT consumers**				
1	RGP	2572	792.18	2290	870
2	GLP	934	388.54	37	15
3	Industrial-LT & Non RGP	3334	1436.95	4134	2038
4	Public lighting	40	13.44	45	18
5	Agriculture	653	65.30	657	88
6	Water works	149	50.06	153	54
	LT Total (A)	**7682**	**2746.47**	**7316**	**3083**
B	**HT consumers**				
7	Industrial – HT	4387	2162.79	5329	3152
8	Railways	331	166.49	345	188
	HT Total (B)	**4718**	**2329.28**	**5674**	**3340**
9	**Sub Total**	**12400**	**5075.75**	**12990**	**6423**
10	FPPPA		756.40		1559
11	Add: Other income (consumer related)		63.00		314
12	**Total**		**5895.16**		**8296**
13	**Add: Agriculture subsidy**		**50.00**		**53**
14	**Total revenue including agriculture subsidy**		**5945.16**		**8349**

5.4 Estimated Revenue and Revenue gap/surplus for FY 2014-15

The Commission has considered the total category-wise sales, as approved in the Mid-term Review Order, and has applied the existing tariff on the approved sales for each category of consumers. The total revenue from sale of power computed by the Commission at existing tariff is Rs. 8349 Crore, including FPPPA. The FPPPA rate has been considered at Rs. 1.20 per unit. The estimated surplus for FY 2014-15 is given in the Table below:

Table 5.6: Approved Revenue (Gap)/Surplus for FY 2014-15 with existing Tariff

(Rs. Crore)

Sl. No	Parameter	Approved in Mid-term Review
1	Aggregate Revenue Requirement	**8042.75**
2	Less: Revenue Surplus from True-up of FY 2012-13	12.95
3	**Total Aggregate Revenue Requirement**	8029.80
4	Revenue with Existing Tariff	6423
5	FPPPA Charges @ 120 paisa/kWh	1559
6	Other Income (Consumer related)	314
7	Agriculture Subsidy	53
8	**Total Revenue including subsidy (4 to 7)**	8349
9	**(Gap)/Surplus (8 - 3)**	319.20

As the uniform tariff for State owned Discoms has been envisaged in the MYT Order dated 6th September, 2011, it is necessary to consider the consolidated surplus of FY 2014-15 for all the State owned Discoms, while determining the tariff for FY 2014-15. The consolidated surplus computed for FY 2014-15 is shown in the Table below:

Table 5.7: Consolidated surplus computed for FY 2014-15

Sl. No.	Particulars	DGVCL	MGVCL	PGVCL	UGVCL	Total
1	Total revenue surplus for FY 2014-15 including truing up	319.20	157.10	521.61	415.23	1413.14

The consolidated surplus of the four state owned distribution licensees for FY 2014-15 is Rs. 1413.14 Crore. Due to a change in the Tariff Schedule for FY 2014-15 of the Discoms, there will be reduction in the surplus amount by Rs 53.44 Crore. The net consolidated surplus of the four distribution licensees for FY 2014-15 is Rs. 1359.70 Crore.

It is observed that there is a surplus of Rs. 1359.70 Crore for the year FY 2014-15. This is on account of the Mid-term Review sought by the Petitioners and the approval of the Commission based on the various parameters and Regulations of the second MYT period. The Commission feels that it may not be appropriate to reduce the tariff based on the projected surplus in the current year as there are certain changes likely in the energy sales of high value consumers due to Open Access, uncertainty in the sale of surplus power in the market etc. In addition, CERC in its order dt. 21-02-2014 has approved some increase in Generation Tariff of Mundra UMPP and Adani Power Projects which has been appealed in APTEL, the result of which may have an impact on the DISCOMs.

6. Fuel and Power Purchase Price Adjustment

6.1 Fuel Price and Power Purchase Price Adjustment

The Commission had approved the formula for Fuel Price and Power Purchase Cost Adjustment (FPPPA) vide order in Case No. 2 of 2003 dated 25th June, 2004.

The Commission, vide its order dated 29.10.2013, has revised the formula as mentioned below:

6.2 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.

6.3 Base Price of Power Purchase (PPCB)

The Commission has approved the total energy requirement and the total Power Purchase Cost for all the DISCOMs including fixed cost, variable cost, GETCO cost, PGCIL charges, SLDC charges for the FY 2014-15 from the various sources in the order of Mid-Term Review of Business Plan as given in the Table below:

Year	Total Energy Requirement (MU)	Fixed cost (Rs crore)	Variable costs (Rs crore)	GETCO costs (Rs crore)	GUVNL charges (Rs crore)	PGCIL charges (Rs crore)	SLDC charges (Rs crore)	Total Power Purchase cost (Rs crore)	Power Purchse cost per unit (Rs/kWh)
FY 2014-15	78714	10111	15045	2473	315	751	19	28114	3.65

As mentioned above the base Power Purchase cost for the DISCOMS is Rs 3.65/kWh and the base FPPPA charge is Rs. 1.20/kWh.

GUVNL/DISCOMs may claim difference between actual power purchase cost and base power purchase cost approved in the table above as per the approved FPPPA formula mentioned in para 6.2 above.

Information regarding FPPPA recovery and the FPPPA calculations shall be kept on website of the Lincensee/GUVNL.

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

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

7. Wheeling charges and cross subsidy surcharge

7.1 Allocation matrix

Regulations 88.1 of MYT Regulations, 2011 of GERC stipulates that the Commission shall specify the wheeling charges of distribution wires business of the distribution licensees in its ARR and Tariff Order.

The allocation matrix for allocation of costs between wire business and retail supply business as adopted by the Commission in MYT order is shown in the Table below:

Table 7.1 Allocation matrix for segregation of wheeling and retail supply for DGVCL

Sl. No.	Allocation Matrix	Wire Business	Retail Supply Business
1	Power Purchase Expenses	0%	100%
2.1	Employee expenses	60%	40%
2.2	Repair & Maintenance expenses	90%	10%
2.3	Administration & General Expenses	50%	50%
2.4	Other Debits	50%	50%
2.5	Extraordinary Items	50%	50%
2.6	Net Prior Period Expenses / (Income)	25%	75%
2.7	Other Expenses Capitalised	55%	45%
3	Depreciation	90%	10%
4	Interest & Finance charges	90%	10%
5	Interest on Working Capital & Security Deposit	10%	90%
6	Bad debts written off	0%	100%
7	Income tax	90%	10%
8	Return on Equity	90%	10%
9	Non-tariff income	10%	90%

The Commission has adopted the same allocation matrix and estimated segregated approved ARR for wires business and retail supply business for DGVCL for FY 2014-15 as given in Table 7.2.

Table 7.2: Allocation of ARR between wire and retail supply business for DGVCL for FY 2014-15

(Rs. crore)

Sl. No.	Allocation Matrix	App ARR for FY 2014-15	Wire Business	Supply Business
1	Power Purchase Expenses	7632.47	0.00	7632.47
2	Employee expenses	243.21	145.93	97.28
3	Repair & Maintenance expenses	31.37	28.23	3.14
4	Administration & General Expenses	55.84	27.92	27.92
5	Other Debits	0.94	0.47	0.47
6	Extraordinary Items	-	0.00	0.00
7	Net Prior Period Expenses / (Income)	-	0.00	0.00
8	Less: Other Expenses Capitalised	131.00	72.05	58.95
9	Depreciation	181.26	163.14	18.13
10	Interest & Finance charges	117.05	105.34	11.70
11	Interest on Working Capital & Security Deposit	0.00	0.00	0.00
12	Bad debts written off	0.10	0.00	0.10
13	**Sub Total (1 to 13)**	**8131.24**	**398.98**	**7732.26**
14	Return on Equity	78.77	70.89	7.88
15	Income Tax	6.51	5.86	0.65
16	**Total Expenditure (13 to 15)**	**8216.52**	**475.73**	**7740.79**
17	Less: Non-Tariff Income	173.77	17.38	156.39
18	**Aggregate Revenue Requirement (16-17)**	**8042.75**	**458.35**	**7584.40**

7.2 Wheeling charges

The wheeling charges for the four Distribution Companies, DGVCL, MGVCL, PGVCL and UGVCL for the FY 2014-15 as given below are applicable for use of the distribution system of a licensee by other licenses or generating companies or captive power plants or consumers / users who are permitted open access under section 42 (2) of the Electricity Act, 2003.

Sl.No.	Particulars	Units	Amount
1	Distribution costs of the four DISCOMs	Rs. crore	2879.51
2	Distribution cost of the four DISCOMs at 11 kV level (30% of total distribution cost)	Rs. crore	863.85
3	Energy input at 11 kV	MU	66656
4	Wheeling charges at 11 kV	Ps./kWh	13
5	Wheeling charges at 400 V (LT)	Ps./kWh	48

Detailed computation of wheeling charges is shown in the Annexure 7.1.

Distribution losses

The distribution loss at 11 kV and 400 V during FY 2014-15 are given below:

Particulars	Point of energy delivered	
	11 kV	400 Volts
11 kV, 22 kV and 33 kV	10%	10.31%
400 Volts		16.45%

The losses in HT and LT network are 10% and 10.31% respectively, with respect to energy input to the segment of the system. In case injection at 11 kV levels and drawal at LT level involved use of both the networks i.e. 11 kV and LT, the combined loss works out to 16.45% of the energy injection at 11 kV network.

The above wheeling charges payable shall be uniform for all the four distribution companies, DGVCL, MGVCL, PGVCL and UGVCL.

7.3 Cross subsidy charge

The cross subsidy surcharge is based on the formula given in the Tariff Policy as below:

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

Where,

S is the surcharge

T is the tariff payable by the relevant category of consumers;

C is the weighted average cost of power purchase of top 5% at the margin excluding liquid fuel based generation and renewable power.

D is the Wheeling charges.

L is the system losses for the applicable voltage level, expressed as percentage.

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

Table 7.3: Cross subsidy surcharge for FY 2014-15

Sl. No.	Particular	HT industry
1	T	Rs.7.02 / kWh
2	C	Rs.5.91 /kWh
3	D	13 Ps/kWh
4	L	10%
5	S = cross subsidy surcharge	39 Ps/kWh

Computation of Cross subsidy surcharge

1. **DISCOM weighted Average HT tariff including base FPPPA charge @ Rs. 1.20 per unit**

Particulars	DGVCL	MGVCL	PGVCL	UGVCL	Average HT Tariff (Rs./kWh)
HT Industry	7.08	7.15	6.99	6.87	7.02

2. **Wt. average power purchase cost of top 5% at the margin excluding liquid fuel base generation and renewable power.**

   The Commission has considered 50% availability of energy from costlier gas bas power stations looking to the limited supply of gas. The commission has also added costs of GETCO, PGCIL, GUVNL and SLDC in the average power purchase cost as shown below;

Stations	Energy procured (MU)	Avg. Rate (Rs./kWh)	Total cost of power (Rs. crore)
GPEC	1164	6.5424	761.54
Utran extension	1002	5.4667	547.76
Sikka TPS	1329	4.8405	643.30
GIPC II (165)	279.5	4.4350	123.96
GIPCL SLPP	162	4.3473	70.43
Total	**3936**		**2146.98**

Average power purchase cost = {[(2146.98/3936)*10] +[GETCO, PGCIL, GUVNL and SLDC cost @ Rs 0.45/kWh]} = Rs.5.91/kWh.

Cross subsidy surcharge

For H.T. : S=7.02-[5.91(1+10/100)+0.13] = Rs.0.39/kWh

Annexure 7.1

Computation of Wheeling Charges

Sl. No	Particulars	Unit	DGVCL	MGVCL	PGVCL	UGVCL	TOTAL
1	Wire Business ARR	Rs. Crore	458.35	503.57	1255.98	661.60	2879.51
a	11 KV level (at 30%)	Rs. Crore	137.51	151.07	376.79	198.48	863.85
b	LT level (at 70%)	Rs. Crore	320.85	352.50	879.19	463.12	2015.65
2	Energy input at DISCOM periphery	MU	14678	8703	24925	18350	66656
3	Wheeling charges at 11 kV (a/2)*1000	Ps. / kWh	9.37	17.36	15.12	10.82	12.96
4	11 kV losses (@10%)	MU	1467.8	870.3	2492.5	1835	6665.60
5	Sales at 11kV	MU	5674	2839	5580	4239	18332.00
6	Energy input at LT (2 - (4+5))	MU	7536.2	4993.7	16852.5	12276	41658.4
7	Wheeling charges at LT (1(b)/6)*1000	Ps. / kWh	42.57	70.59	52.17	37.73	48.39
8	Sales at LT level	MU	7316	4820	13363	11863	37362.00
9	LT loss (6-8)	%	220.2	173.7	3489.5	413	4296.4
10	Total losses (4+9)	MU	1688	1044	5982	2248	10962
		%	11.50%	12.00%	24.00%	12.25%	16.45%

8. Compliance of directives

8.1 Compliance of Directives

The Commission, in its Tariff Orders dated 2nd June, 2012 and 16th April 2013, had issued various directives to DGVCL, which has submitted its Compliance Report on the directives issued in the Tariff Order for truing up FY 2011-12 and determination of tariff for FY 2013-14 and the petition for truing up for FY 2012-13 and determination of Tariff for FY 2014-15.

The Commission's comments on the status of compliance of the directives by DGVCL are given below. The Commission has also issued fresh directives to the licensee, wherever required.

Earlier Directives

Directives 1: Poor quality of Supply and Poor Voltages

DGVCL is directed to analyse the voltage at various nodes in its LT network, identify the locations facing low voltage and submit its plan to improve the voltage profile in these areas. A report in this regard shall be submitted to the Commission by September 2013.

Compliance

Providing Quality Power Supply at appropriate voltage level is the prime duty of the Company. Generally, voltage profile of the Distribution Network of the company is quite good. However, overall system voltage influences the voltage profile of the Company's Distribution network. With the increased generation in the company's area and consequent development of the Transmission System, the overall voltage profile has improved.

Moreover, to improve the voltage profile of the Distribution network, the Company carries out feeder bifurcation, DTC review, and replacement of conductors, etc.

- Activities carried out in this regard during the last three years and planning for FY 2014-15 are mentioned hereunder:

Particulars		Unit	2010-11	2011-12	2012-13	2013-14 (up to September'13)
Network Maintenance	Village	No.	201	197	322	419
	HT	Km.	21030.86	18800.3	13841	11402
	LT	Km.	11719.67	9660.46	6751	5533
	T/C	No.	15995	18625	17001	10871
Feeder Bifurcation		No.	39	65	68	19
Distribution Transformer Centre Review		No.	419	118	47	36
Providing of ABC		Km.	623.20	888.396	2335	1060
Providing of LT 34 mm^2 AAAC insulated conductor		Km.	157.25	-	-	-

Commission's comments

Action taken by DGVCL is noted.

Directive 2: Segregation of Technical and Commercial Losses:

DGVCL is directed to carry out a similar exercise for FY 2012-13, as carried out for FY 2011-12.

Compliance:

Technical Losses of the Distribution System largely depend upon "Load" on the line and configuration of line, besides other technical parameters like type and size of conductor used, length of line, etc. Since, loading on the line is highly dynamic throughout the year; it is very difficult to ascertain technical losses by conducting Energy Audit for a part of the year. Further, it varies year on year. Therefore, such an exercise has to be carried out every year for assessing the technical losses. Moreover, any such exercise has always some kind of assumptions.

REC has given a theoretical formula for calculation of theoretical losses (technical losses). Since, any kind of methodology has some kind assumption; calculating theoretical loss with the formula given by REC provides reasonable approximation of technical loss. The Company calculates theoretical loss every year for all feeders.

Sample calculation of theoretical loss with the help of REC formula is shown below.

SHEET- I
Theoretical Losses Calculations
BHARUCH - DGVCL - CIRCLE

Sl. No.	LOCATION	NAME	
1	DIVISION	BHARUCH R	
2	SUB-DIVISION	JAMBUSAR R	
3	FEEDER	11KV TANKARI	
4	SUB-STATION	66 KV JAMBUSAR	
	BASIC DETAILS		
Sl. No.	**PARAMETERS**	**UNITS**	**VALUES**
1	CONNECTED LOAD	KVA	2136
2	LINE VOLTAGE	KV	11
3	LINE LENGTH	**IN KM**	
		L.T	48.20
		H.T	38.80
		TOTAL	87
4	MAXIUM CURRENT	AMP.	78
5	UNITS SENT OUT	kWh	7631186
6	**L .D.F.=Load x Km / KVA . Km**	**VALUE**	
	RURAL		2
	URBAN		1.5
	INDUSTRIAL		1
7	**TRANSFORMERS**	**KVA**	**NO.**
	11KV	25	3
		50	
		63	14
		100	8
		200	1
8	**CONDUCTOR**	**RESI.**	**CON.CONST.**
	ACSR 30 mm	0.5449	1578
	ACSR 50 mm	0.3656	2088
	DOG	0.2789	2516
A	HT LINE LOSSES		567645.91
B	LT LINE LOSSES		**105582.53**
C	TRANSFORMER LOSS		**336828.34**
D	TOTAL LOSSES		1010056.78
E	**% THORETICAL LOSS**		**15.50**

SHEET - II			
HT VR CALCULATIONS &THEORITICAL LOSSES CALCULATIONS			
Sl. No.	**PARAMETERS**	**FORMULA**	**RESULTS**
1	**D. F. =**	CONNECTED LOAD / PEAK LOAD Where, {PEAK LOAD= 1.732*V*I}	**1.73**
2	**% H.T V.R =**	(1.06*LOAD*LENGTH OF MAIN LINE *P.F) (LDF*DF*CONN.CONS.)	**6.20**
3	**L. F. =**	UNIT SENT / {8760*1.732*11* I max * P .F}	**0.83**
4	**L. L. F. =**	0.8 * LF * LF + 0.2 *LF	**0.72**
	HT LINE LOSSES =	{ 0.105 * (LOAD * LOAD) * LENGTH * RESIS * LLF} / { 2 * LDF * (D.F * D.F) }	567645.91

5			
6	**% HT LOSSES =**	HT LINE LOSSES * 100 UNIT SENT	**7.438**

SHEET - III							
DISTRIBUTION TRANSFORMERS LOSSES							
SL. NO.	**TRANSFORMER CAPACITY, KVA**	**NO. OF TRANSFORMERS**	**TOTAL CONNECTED KVR**	**IRON LOSS**	**TOTAL IRON LOSS**	**COPPER LOSS**	**TOTAL COPPER LOSS**
	KVA	NOS.	KVA	WATT	WATT	WATT	WATT
1	25	3	75	100	300	720	2160
2	50	0	0	200	0	1300	0
3	63	14	882	200	2800	1300	18200
4	100	8	800	290	2320	1850	14800
5	200	4	200	480	1920	2500	10000
TOTAL LOSSES			2136		7340		45160
						{For Ag. 8*365=2920}	
(A)	**ANNUAL IRON LOSSES =**		TOTAL IRON LOSSES * No. of PS Hrsx 365 days 1000				
				= 64298.40			
(B)	**ANNUAL COPPER LOSSES =**		TOTAL COPPER LOSSES *8760*LF*LF 1000				
				= 272529.94			
(C)	**TOTAL X 'MER LOSSES =**			(A) + (B)=		**336828.34**	kWh / YEAR

SHEET- IV				
LT LINE LOSSES CALCULATIONS : -				
SL. NO.	**TRANSFORMER CAPACITY**	**NO.OF TRANSFORMERS**	**STANDARD LT LINE LOSSES**	**TOTAL LOSSES**
	KVA	NOS.	WATT	WATT
1	25	3	63	189
2	50	0	163	0
3	63	14	260	3640
4	100	8	1308	10464
5	200	1	2410	2410
6	300	0	3718	0
7	500	0	18910	0
8	600	0		0
9	1000	0		0
TOTAL LT LINE LOSSES				16703
(1)	**PEAK POWER LOSSES =** **(PPL)**		3 * TOTAL LINE LOSSES (1000 * DF *DF) **= 16.74**	
(2)	**ANNUAL ENERGY LOSSES =** **(A E L)**		PPL * LLF * 8760 **= 105582.53 kWh / YEAR**	

SHEET- V		
THEORETICAL LOSSES CALCULATIONS : -		
(1)	**TOTAL LOSS = (PPL)**	HT LINE LOSS + LT LINE LOSS + X ' MER LOSS **= 640508.70**
(2)	**THEO. LOSS OF THE FEEDER**	TOTAL LOSSES * 100

		UNIT SENT OUT **= 8.393**

Similarly, theoretical loss (technical Loss) of all categories of feeders has been calculated by the Company and is given as under:

Category wise Theoretical Losses [%] for the FY 2012-13

Sl. No.	Type of Feeder	Theoretical losses [%]
1.	EHT	0.58
2.	HT	1.22
3.	Industrial	3.01
4.	Urban	8.67
5.	GIDC	2.15
6.	Ag. Dom.	9.89
7.	SST	0.82
8.	JGY	9.89
9.	Total	6.84

Thus, theoretical loss of all feeders together gives us the technical loss of the Company. Accordingly, theoretical loss of DGVCL for FY 2012-13 is 6.84 % as above which is, in fact, the arithmetic sum of all feeders.

Technical and commercial losses of the last Seven years are segregated as under:

Financial Year	Distribution Loss [%] [approved]	Distribution Loss [%] [actual]	Financial Year	Technical Loss [%]	Commercial Loss [%]
2006-07	16.59	16.11	2006-07	5.93	10.18
2007-08	15.59	15.04	2007-08	7.42	7.62
2008-09	14.45	14.48	2008-09	7.47	7.01
2009-10	13.45	14.53	2009-10	8.40	6.13
2010-11	12.45	12.34	2010-11	7.30	5.04
2011-12	12.35	10.24	2011-12	6.01	4.23
2012-13	12.00	11.95	2012-13	6.84	5.11

It can be seen from the above Table that commercial loss, which was of the tune of 10.18% in the year 2006-07, has come down to 5.11% in FY 2012-13. Therefore, the commercial losses have been almost halved in the last five years. This is as a result of various measures taken by DGVCL for the improvement in collection efficiency, disconnection activity, intensive checking of installations for curbing of theft, etc.

Commission's Comments

Noted. DGVCL is directed to carry out similar exercise for FY 2013-14.

Directive 3: Category wise cost-to- serve (Cost of supply)

The Commission has received the report for FY 2010-11 and FY 2011-12. DGVCL is directed to submit cost of supply report for FY 2012-13 by December 2013.

Compliance

The Commission has directed the Company to submit cost of supply for FY 2012-13 by Dec-2013. The Company stated that it has noted the directive and will submit the same in December-2013.

Commission's Comments

The report is received.

New directives issued with Tariff order dated 16th April 2013.

Directive 1: Meters on Distribution Transformers

DGVCL is directed to provide meters on all distribution transformers, to arrive at the losses and record the energy consumption, as a part of energy audit to arrive at the losses under each distribution transformer. The present status of metering on distribution transformer and recording of energy consumption shall be reported by December 2013.

Compliance:

DGVCL has provided Meters on Distribution Transformers as on Sept-2013, as given in the Table below:

Discom	Circles	Distribution Transformer Metering			
		No. of DTs	No. of DTs metered	No. of DTs. With Electronic Meters & Communication Facility	% metering Completed
		Oct.13	Oct.13	Oct.13	Oct.13
DGVCL	Valsad	22807	8478	2446	37.17%
	Surat City	10669	9401	2704	88.12%
	Surat Rural	23161	17502	1140	75.57%
	Bharuch	19041	14105	1250	74.08%
Total:		75678	49486	7540	65.39%

It can be seen from above Table that 65.39% Metering has been completed, and all circle heads are instructed to complete the balance work at the earliest and evaluate the energy on transformer centre. 11 KV Kansad Ag feeders' calculation of losses evaluated by Surat city circle attached h/w it is 2.34 %

Commission's Comments

The energy audit reports of all feeders should be submitted to the Commission quarterly from August 2014 onwards. The installation of meters at balance distribution transformers feeding agricultural loads shall be expedited and quarterly progress reports to be submitted from September 2014. Energy audit should be conducted in the areas/divisions, where meters have been installed at distribution transformers. Quarterly reports on the energy audit shall be submitted for each of the areas from September 2014.

Directive 2: Losses on Jyoti Gram Yojna feeders

The losses on Jyoti Gram Yojna feeders are still high at over 20%. Special efforts shall be made to bring the losses to acceptable level, as in the case of other feeders, on top priority. Action taken shall be reported to the Commission by December, 2013

Compliance:

Losses of Jyoti Gram Yojana feeders of last six years is tabulated below:

Year	% Loss
2006-07	60.39
2007-08	60.65
2008-09	58.35
2009-10	56.74
2010-11	52.67
2011-12	52.48
2012-13	51.54
2013-14 (UP TO August 2013)	45.70

It can be seen from above Table that % distribution losses are showing reducing trends since 2007-2008. These have been reduced from 60.39 % to 45.94 %, i.e., by 14.45 % in the last six years.

We are trying to our level best to bring down this to as low as possible. Further, we have allotted the task of monitoring high losses feeder to senior officers for losses reduction activity like Replacement of faulty meter, deteriorated conductor, ABC conductor, removal of langaria, consumer awareness program, installation checking, etc.

Commission's Comments:

The losses are still very high at 45.70%. More serious efforts are to be made for curbing pilferage of energy to reduce the losses, apart from the replacing the defective meters on priority and also replacing electromagnetic meters with static meters, if any, still in service.

Directive 3: Billing based on simultaneous maximum demand for Railway Traction Load.

The Railways have stated that railway traction load, which is a moving load, registers demand at all substations, through which the train passes. Railway traction load, being a moving load, keeps shifting from one substation to another. While one substation may have excess MD, the other may be proportionately under-loaded. Railways have, therefore, requested that demand charges should be based on simultaneous maximum demand for various traction sub-stations.

DGVCL, MGVCL and UGVCL are directed to study the request of Railways and submit a feasibility report on billing, based on simultaneous maximum demand for each company.

Compliance:

During the State Advisory Committee meeting, the techno-commercial aspects were deliberated upon and explained. Pursuant to the State Advisory Committee meeting, as desired by the Commission, meeting of Railway representatives with M.D. and officers of MGVCL was held at Vadodara on 27.05.2013 and the commercial and technical aspects were clarified to the Railway representatives. The impact of intermittent traction loads of railway on the system in the present scenario of mandatory implementation of frequency linked automatic load response system in real time, as per Indian Electricity Grid Code (IEGC), and stringent stipulations to maintain grid discipline, unbalanced nature of the loads of Railway traction, generation of harmonics, etc., were explained in detail and technical, statutory and commercial aspects involved for billing were also explained. Railway representatives had expressed that they will take up the matter with their commercial department for considering the possibility of concession in freight by Railway and in electricity tariff by MGVCL and other DISCOMs. But still nothing further has been heard from the Railways.

Commission's Comments

The DISCOM is directed to examine, the technical feasibility of recording and billing, based on simultaneous maximum demand in its area, and submit a report to the Commission by 30th April 2014.

9. Tariff Philosophy and Tariff Proposals

9.1 Introduction

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

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

9.2 Proposal of DGVCL for tariff structure and changes in tariff structure

Tariff Proposal

DGVCL has not proposed any change to the tariff structure, but proposed rationalization in HTP-I by increase in fixed charge and reducing energy charge. This has been done by DGVCL to ensure recovery of fixed charges incurred by them, which is not being recovered fully.

9.3 Commission's Analysis

It is observed by the Commission that there is a consolidated surplus of Rs.1413.14 Crores for the four Discoms. The Commission has decided not to revise the tariff rates for FY 2014-15 for the reasons narrated in previous chapter. However, a small change is made in the fixed charges of HTP III and HTP IV category following the representation of consumers. It is represented by various CPPs / generating stations that they need to pay demand charges of HTP III category, which is in terms of Rs./kW/month, in the event of requirement of start-up power. Thus, against the requirement of start-up power for a part period of a day, they are required to pay demand charge for the full month. Looking to the genuine difficulty of such generating stations, the Commission decides to rationalize the demand charge of HTP III category in Rs/kW/day terms.

Further, the consumers of HTP IV category had represented before the Commission that demand charge for this category, which is meant for usage of power during night hours only, is very high. It was represented that demand charge for HTP IV category should be 1/3 of that of HTP-I category and they have to close down for want of competitive tariff. The Commission decided to make the demand charge of HTP IV category at 1/2 of that of HTP I category so that such consumers can maintain their competitiveness. This shall increase the night-time consumption and shall help the licensees to utilize generation sources, which otherwise requires backing down during off-peak hours. This will also help licensees to optimize their power purchase portfolio, as energy price during night hours is lower. With this change in demand charge of HTP IV category, there will be a marginal reduction in revenue of DISCOMs to the extent of Rs. 53.44 Crore.

COMMISSION'S ORDER

The Commission approves the Aggregate Revenue Requirement (ARR) for DGVCL for FY 2014-15 as shown in the Table below:

Approved ARR for DGVCL for FY 2014-15

(Rs. Crore)

Sl. No.	Particulars	FY 2014-15
1	Cost of power purchase	7632.47
2	Operations & Maintenance expenses	200.36
2.1	Employee cost	243.21
2.2	Repairs and maintenance	31.37
2.3	Administrative and general expenses	55.84
2.4	Other debits	0.94
2.5	Extraordinary items	-
2.6	Net prior period expenses / income	-
2.7	Other expenses capitalised	(131.00)
3	Depreciation	181.26
4	Interest and finance charges	117.05
5	Interest on working capital	0
6	Provision for bad debts	0.10
7	Return on equity	78.77
8	Provision for tax / tax paid	6.51
9	**Total expenditure (1 to 8)**	**8,216.52**
10	Less: Non-Tariff income	173.77
11	**Aggregate Revenue Requirement**	**8,042.75**

The retail supply tariffs for DGVCL distribution area for FY 2014-15 determined by the Commission are annexed to this order.

This order shall come into force with effect from the 1st May, 2014. The revised rate shall be applicable for the electricity consumption from the 1st May, 2014 onwards.

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

Place: Gandhinagar
Date: 29/04/2014

ANNEXURE: TARIFF SCHEDULE FOR FY 2014-15

TARIFF SCHEDULE

EFFECTIVE FROM 1st MAY, 2014

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

GENERAL

1. The tariff figures indicated in this tariff schedule are the tariff rates payable by the consumers of unbundled Distribution Licensees of the erstwhile GEB viz. UGVCL, DGVCL, MGVCL and PGVCL.

2. These tariffs are exclusive of Electricity Duty, tax on sale of electricity, taxes and other charges levied by the Government or other competent authorities from time to time which are payable by the consumers, in addition to the charges levied as per the tariff.

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

4. The charges specified are on monthly basis. Distribution Licensee may decide the period of billing and adjust the tariff rate accordingly.

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

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

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

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

9. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power or kilo watt (HP or kW) as the case may be. The fraction of less than 0.5 shall be rounded to next 0.5. The billing of energy charges will be done on complete one kilo-watt-hour (kWh).

10. The Connected Load for the purpose of billing will be taken as the maximum

load connected during the billing period.

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

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

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

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

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

16. Delayed payment charges for all consumers:

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

    Delayed payment charges will be levied at the rate of 15% per annum in case of all consumers except Agricultural category for the period from the due date till the date of payment if the bill is paid after due date. Delayed payment charges will be levied at the rate of 12% per annum for the consumer governed under Rate AG from the due date till the date of payment if the bill is paid after due date.

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

PART - I

SCHEDULE OF TARIFF FOR SUPPLY OF ELECTRICITY AT LOW AND MEDIUM VOLTAGE

1.0 RATE: RGP

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

Single-phase supply- Aggregate load up to 6kW

Three-phase supply- Aggregate load above 6kW

1.1 FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(d)	Above 6 kW	Rs. 65/- per month

For BPL Household Consumers:

Fixed charges	Rs. 5/- per month

PLUS

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

(a)	First 50 units	315 Paise per Unit
(b)	Next 50 units	360 Paise per Unit
(c)	Next 150 units	425 Paise per Unit
(d)	Above 250 units	520 Paise per Unit

1.3 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION: FOR THE CONSUMER BELOW POVERTY LINE (BPL)**

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

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

1.4 MINIMUM BILL (EXCLUDING METER CHARGES)

Payment of fixed charges as specified in 1.1 above.

2.0 RATE: RGP (RURAL)

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

However, this is not applicable to villages which are located within the geographical jurisdiction of Urban Development Authority.

Single-phase supply- Aggregate load up to 6kW

Three-phase supply- Aggregate load above 6kW

2.1 FIXED CHARGES / MONTH:

Range of Connected Load: (Other than BPL Consumers)

(a)	Up to and including 2 kW	Rs. 15/- per month
(b)	Above 2 to 4 kW	Rs. 25/- per month
(c)	Above 4 to 6 kW	Rs. 45/- per month
(d)	Above 6 kW	Rs. 65/- per month

For BPL Household Consumers:

Fixed charges	Rs. 5/- per month

PLUS

2.2 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

(OTHER THAN BPL CONSUMERS)

(a)	First 50 units	275 Paise per Unit
(b)	Next 50 units	320 Paise per Unit
(c)	Next 150 units	385 Paise per Unit
(d)	Above 250 units	490 Paise per Unit

2.3 ENERGY CHARGES: FOR THE TOTAL MONTHLY CONSUMPTION:

FOR THE CONSUMER BELOW POVERTY LINE (BPL) **

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

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

30 units per month.

2.4 MINIMUM BILL (EXCLUDING METER CHARGES):

Payment of fixed charges as specified in 2.1 above.

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

3.0 RATE: GLP

This tariff is applicable to the educational institutes and other institutions registered with the Charity Commissioner and research and development laboratories.

(a)	Fixed charges	Rs. 60/- per month
(b)	Energy charges	380 Paise per Unit

4.0 RATE: NON-RGP

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

4.1 FIXED CHARGES PER MONTH:

(a) First 10 kW of connected load	Rs. 45/- per kW
(b) For next 30 kW of connected load	Rs. 75/- per kW

PLUS

4.2 ENERGY CHARGES:

(a)	For installation having contracted load up to and including 10kW: for entire consumption during the month	425 Paise per Unit
(b)	For installation having contracted load exceeding 10kW: for entire consumption during the month	455 Paise per Unit

4.3 MINIMUM BILL PER INSTALLATION FOR SEASONAL CONSUMERS

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

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

(c) The total minimum amount under the head “Fixed and Energy Charges” payable by the seasonal consumer satisfying the eligibility criteria under sub-clause (a) above and complying with the provision stipulated under sub-clause (b) above shall be Rs. 1750 per annum per kW of the contracted load.

(d) The units consumed during the off-season period shall be charged for at a flat rate of 470 Paise per unit.

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

5.0 <u>RATE: LTMD</u>

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

This tariff shall also be applicable to consumer covered in category- ‘Rate:

Non-RGP' so opts to be charged in place of 'Rate: Non-RGP' tariff.

5.1 FIXED CHARGES:

(a)	For billing demand up to the contract demand	
	(i) For first 40 kW of billing demand	Rs. 85/- per kW per month
	(ii) Next 20 kW of billing demand	Rs. 120/- per kW per month
	(iii) Above 60 kW of billing demand	Rs. 185/- per kW per month
(b)	For billing demand in excess of the contract demand	Rs. 255/- per kW

PLUS

5.2 ENERGY CHARGES:

For the entire consumption during the month	460 Paise per Unit

PLUS

5.3 REACTIVE ENERGY CHARGES:

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

5.4 BILLING DEMAND

The billing demand shall be highest of the following:

(a) Eighty-five percent of the contract demand

(b) Actual maximum demand registered during the month

(c) 15 kW

5.5 MINIMUM BILL

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

5.6 SEASONAL CONSUMERS TAKING LTMD SUPPLY:

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

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

5.6.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub clause 5.6.1 above and complying with provisions stipulated under sub clause 5.6.2 above shall be Rs. 2900 per annum per kW of the billing demand.

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

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

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

(c) 15 kW.

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

6.0 RATE: NON-RGP NIGHT

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

6.1 FIXED CHARGES PER MONTH:

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

PLUS

6.2 ENERGY CHARGES:

For entire consumption during the month	250 Paise per Unit

NOTE:

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

7.0 <u>RATE: LTMD- NIGHT</u>

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

7.1 FIXED CHARGES PER MONTH:

50% of the Fixed charges specified in Rate **LTMD** above.

PLUS

7.2 ENERGY CHARGES:

For entire consumption during the month	250 Paise per Unit

7.3 REACTIVE ENERGY CHARGES:

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

NOTE:

1. *10% of total units consumed and 15% of the contract load can be availed beyond the prescribed hours.*
2. *This tariff shall be applicable if the consumer so opts to be charged in place of LTMD tariff by using electricity exclusively during night hours as*

above.

3. *The option can be exercised to switch over from LTMD tariff to LTMD-Night tariff and vice versa twice in a calendar year by giving not less than one month's notice in writing.*
4. *In case the consumer is not fulfilling the conditions of this tariff category, then such consumer for the relevant billing period will be billed under tariff category LTMD.*

8.0 RATE: LTP- LIFT IRRIGATION

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

(a)	Fixed charges per month	Rs. 40/- per HP
	PLUS	
(b)	Energy charges For entire consumption during the month	170 Paise per Unit

9.0 RATE: WWSP

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

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

(a)	Fixed charges per month	Rs. 20/- per HP
	PLUS	
(b)	Energy charges per month: For entire consumption during the month	420 Paise per Unit

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

(a)	Fixed charges per month	Rs. 15 per HP
	PLUS	
(b)	Energy charges per month: For entire consumption during the month	400 Paise per Unit

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

Energy charges per month: For entire consumption during the month	310 Paise/Unit

9.4 TIME OF USE DISCOUNT:

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

For energy consumption during the off-peak period, viz., 1100 Hrs to 1800 Hrs.	30 Paise per Unit
For energy consumption during night hours, viz., 2200 Hrs to 0600 Hrs. next day	75 Paise per Unit

10.0 RATE: AG

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

10.1 The rates for following group are as under:

10.1.1 HP BASED TARIFF:

For entire contracted load	Rs.200 per HP per month

ALTERNATIVELY

10.1.2 METERED TARIFF:

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

10.1.3 TATKAL SCHEME:

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

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

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

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

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

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

11.0 RATE: SL

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

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

11.1.1 ENERGY CHARGES:

For all the units consumed during the month:	395 Paise per Unit

11.1.2 OPTIONAL KVAH CHARGES:

For all the kVAh units consumed during the month:	295 Paise per Unit

11.1.3 Renewal and Replacements of Lamps:

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

11.2 Tariff for power supply for street lighting purposes to consumers other than the local authorities and industrial estates:

11.2.1 FIXED CHARGES:

Rs. 25 per kW per month

11.2.2 ENERGY CHARGES:

For all units consumed during the month	395 Paise per kWh

11.2.3 Renewal and Replacement of Lamps:

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

11.2.4 Maintenance other than Replacement of Lamps:

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

12.0 <u>RATE: TMP</u>

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

12.1 FIXED CHARGE

Fixed Charge per Installation	Rs.14 per kW per Day

12.2 ENERGY CHARGE

A flat rate of	455 Paise per Unit

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

PART - II

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

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

13.0 RATE: HTP-I

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

13.1 DEMAND CHARGES:

13.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 120/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 230/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 350/- per kVA per month

13.1.2 For Billing Demand in Excess of Contract Demand

For billing demand in excess over the contract demand	Rs. 430 per kVA per month

PLUS

13.2 ENERGY CHARGES

For entire consumption during the month		
(a)	Up to 500 kVA of billing demand	425 Paise per Unit
(b)	For billing demand above 500 kVA and up to 2500 kVA	445 paise per Unit
(c)	For billing demand above 2500 kVA	455 Paise per Unit

PLUS

13.3 TIME OF USE CHARGES:

For energy consumption during the two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs

(a)	For Billing Demand up to 500 kVA	35 Paise per Unit
(b)	For Billing Demand above 500 kVA	75 Paise per Unit

13.4 BILLING DEMAND:

The billing demand shall be the highest of the following:

(a) Actual maximum demand established during the month

(b) Eighty-five percent of the contract demand

(c) One hundred kVA

13.5 MINIMUM BILLS:

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

13.6 POWER FACTOR ADJUSTMENT CHARGES:

13.6.1 Penalty for poor Power Factor:

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

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

13.6.2 Power Factor Rebate:

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

13.7 MAXIMUM DEMAND AND ITS MEASUREMENT:

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

13.8 CONTRACT DEMAND:

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

13.9 REBATE FOR SUPPLY AT EHV:

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

13.10 CONCESSION FOR USE OF ELECTRICITY DURING NIGHT HOURS:

For the consumer eligible for using supply at any time during 24 hours, entire consumption shall be billed at the energy charges specified above. However, the energy consumed during night hours of 10.00 PM to 06.00 AM next morning as is in excess of one third of the total energy consumed during the month, shall be eligible for concession at the rate of 75 Paise per unit.

13.11 SEASONAL CONSUMERS TAKING HT SUPPLY:

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

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

13.11.3 The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer satisfying the eligibility criteria under sub clause 13.11.1 above and complying with provisions stipulated under sub clauses 13.11.2 above shall be Rs. 4350 per annum per kVA of the billing demand.

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

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

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

(c) One hundred kVA.

13.11.5 Units consumed during the off-season period shall be charged for at the flat rate of 455 Paise per unit.

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

14.0 RATE HTP-II

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

14.1 DEMAND CHARGES:

14.1.1 For billing demand up to contract demand

(a)	For first 500 kVA of billing demand	Rs. 105/- per kVA per month
(b)	For next 500 kVA of billing demand	Rs. 215/- per kVA per month
(c)	For billing demand in excess of 1000 kVA	Rs. 280/- per kVA per month

14.1.2 For billing demand in excess of contract demand

For billing demand in excess of contract demand	Rs. 350 per kVA per month

PLUS

14.2 ENERGY CHARGES:

For entire consumption during the month		
(b)	Up to 500 kVA of billing demand	425 Paise per Unit
(c)	For billing demand above 500 kVA and up to 2500 kVA	445 Paise per Unit
(d)	For billing demand above 2500 kVA	455 Paise per Unit

PLUS

14.3 TIME OF USE CHARGES:

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

14.4 Billing demand
14.5 Minimum bill
14.6 Power Factor Adjustment Charges
14.7 Maximum demand and its measurement
14.8 Contract Demand
14.9 Rebate for supply at EHV
14.10 Concession for use of electricity during night hours

Same as per HTP-I Tariff

15.0 <u>RATE: HTP-III</u>

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

15.1 DEMAND CHARGES:

For billing demand up to contract demand	Rs. 16/- per kVA per day
For billing demand in excess of contract demand	Rs. 18/- per kVA per day

PLUS

15.2 ENERGY CHARGES:

For all units consumed during the month	650 Paise/Unit

PLUS

15.3 TIME OF USE CHARGES:

Additional charge for energy consumption during two peak periods, viz., 0700 Hrs to 1100 Hrs and 1800 Hrs to 2200 Hrs	75 Paise per Unit

15.4 Billing demand
15.5 Minimum bill
15.6 Power Factor Adjustment Charges
15.7 Maximum demand and its measurement
15.8 Contract Demand
15.9 Rebate for supply at EHV

Same as per HTP-I Tariff

16.0 <u>RATE: HTP-IV</u>

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

16.1 DEMAND CHARGES:

50% of the Fixed charges specified in Rate HTP-I above

PLUS

16.2 ENERGY CHARGES:

For all units consumed during the month	230 Paise per Unit

16.3	Billing demand	Same as per HTP-I Tariff
16.4	Minimum bill	
16.5	Power Factor Adjustment Charges	
16.6	Maximum demand and its measurement	
16.7	Contract Demand	
16.8	Rebate for supply at EHV	

NOTE:

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

17.0 RATE: HTP- V

HT - Agricultural (for HT Lift Irrigation scheme only)

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

17.1 DEMAND CHARGES:

Demand Charges Rs. 40 per kVA per month

PLUS

17.2 ENERGY CHARGES:

For all units consumed during the month	170 Paise per Unit

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

18.0 <u>RATE: RAILWAY TRACTION</u>

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

18.1 DEMAND CHARGES:

For billing demand up to the contract demand	Rs. 160 per kVA per month
For billing demand in excess of contract demand	Rs. 400 per kVA per month

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

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

PLUS

18.2 ENERGY CHARGES:

For all units consumed during the month	490 Paise per Unit

18.3	Billing demand	Same as per HTP-I Tariff
18.4	Minimum bill	
18.5	Power Factor Adjustment Charges	
18.6	Maximum demand and its measurement	
18.7	Contract Demand	
18.8	Rebate for supply at EHV	