

Summary

Petition filed by TPL before Hon'ble GERC vide Case No. 2179/2023

Torrent Power Limited-Ahmedabad/Gandhinagar Supply Area (TPL-D(A))

Background

- 1.1 As per the provisions of the GERC (Multi Year Tariff) Regulations, 2016, the TPL-D(A) has filed the petition before the Hon'ble Commission for approval of
- a) Truing up of ARR for FY 2021-22 and sharing of gains/losses on account of controllable/un-controllable factors,
 - b) Determination of ARR for FY 2023-24,
 - c) Determination of Gap/(Surplus) for FY 2023-24, and
 - d) Determination of tariff for FY 2023-24

True Up for FY 2021-22

- 1.2 The Hon'ble Commission had approved the ARR for FY 2021-22 for TPL-D (A) as per the Order dated 31st March, 2021 in Case No. 1926/2021. This was based on the projections for FY 2021-22. The ARR approval is subject to truing up based on the actual data for FY 2021-22.
- 1.3 TPL-D(A), for the purpose of truing up in accordance with the GERC (Multi Year Tariff) Regulations, 2016, has submitted the petition on the basis of the Hon'ble Commission's Order dated 31st March, 2021 in Case No. 1926/2021.
- 1.4 TPL-D(A) has considered the following parameters for truing up of ARR:
- a) Variation in power purchase cost due to variation in power purchase mix, quantity and price.
 - b) Variation in fixed cost such as O&M expense, interest expenses, Depreciation, Return on Equity, Bad debts written off, Income Tax and Non-Tariff Income.

- c) Sharing of gains/ losses considering controllable & uncontrollable factors.
- 1.5 The energy requirement is based on the actual sales and the actual T&D losses for FY 2021-22. The sale for Ahmedabad Supply Area was 7,683.69 MU. The actual distribution loss achieved for FY 2021-22 was 4.17%.
- 1.6 The trued up ARR has been arrived at by considering the actual expenses vis-à-vis approved expenses as per the Order dated 31st March, 2021 in Case No. 1926/2021. The variation in power purchase cost on account of price, quantity and mix is uncontrollable and passed on in the ARR. However, the variation in expenses to the extent of variation in efficiency parameter is controllable and a portion of the gain is to be added to the approved ARR based on the sharing of gains/losses mechanism specified in the GERC (Multi Year Tariff) Regulations, 2016. There is a reduction in distribution loss for Ahmedabad supply area as compared to the approved distribution loss level. The gain on account of such reduction in distribution loss is to be shared in accordance with the GERC (Multi Year Tariff) Regulations, 2016.
- 1.7 The fixed cost items of Ahmedabad Supply Area, such as, O&M expenses, Interest expense, Depreciation, Bad debts, Return on Equity, Income Tax and Non-Tariff Income is trued-up based on the classification of controllable/un-controllable factors for each item head as applicable. Accordingly, the sharing of gains/losses has been arrived at and the trued-up ARR is worked out. The trued-up ARR thus worked out is shown in the table below:

Table 1: True-Up of ARR of Ahmedabad Supply Area for FY 2021-22

All figures in Rs. Crore		
ARR as per order	(a)	5,133.56
Gains/ (Losses) due to Uncontrollable Factors	(b)	(643.96)
Gains/ (Losses) due to Controllable Factors	(c)	103.35
Pass through as Tariff	d= -(b+1/3rd of c)	609.51
Trued Up ARR	e=a+d	5,743.07

- 1.8 TPL-D(A) states that the revenue towards recovery of earlier years' approved Gap/ (Surplus), has been considered Rs. 289.39 Crore as per the Hon'ble Commission's orders dated 31st March, 2021 and 23rd December, 2021.

- 1.9 Based on the above, the summary of the gap/ (surplus) for Ahmedabad Supply area for FY 2021-22 is shown in the table below.

Table 2: Revenue Gap/ (Surplus) for Ahmedabad Supply Area for FY 2021-22

All figures in Rs. Crore	Actual
Trued-up ARR	5,743.07
Revenue from Sale of Energy	5,652.05
Less: Revenue towards recovery of Earlier Years' approved Gap/(Surplus)	289.39
Balance Revenue	5,362.66
Gap/ (Surplus)	380.41

- 1.10 TPL-D(A) has requested the Hon'ble Commission to approve the ARR & revenue gap/ (surplus) as per the computation provided hereinabove.

ARR for FY 2023-24

- 1.11 The Hon'ble Commission vide its order dated 20th October, 2022 has directed the utilities to file the petition for ARR of FY 2023-24 and determination of tariff for FY 2023-24 based on the principles and methodology as provided in the GERC (Multi Year Tariff) Regulations, 2016. Accordingly, TPL-D(A) has submitted its petition for approval of the Aggregate Revenue Requirement and determination of tariff for TPL-D (A) for FY 2023-24 as per the provisions of the GERC (Multi Year Tariff) Regulations, 2016.

- 1.12 The ARR estimation is based on the assumptions as outlined hereunder:

- a) The energy sales forecast has been done based on the consideration that the growth prevailed in the last decade would not continue further at the same rate. Due consideration is also given to conversion of industrial units into commercial units and shifting of industrial consumers due to environmental norms and associated additional cost. Further, the negative impact of Rooftop Solar has been duly factored. In this background, TPL has projected the sales based on historical trends duly factoring in the current developments.
- b) The distribution loss and O&M Expenses have been considered as per the methodology prescribed in GERC (Multi Year Tariff) Regulations, 2016 read with earlier orders.

- c) The energy requirement is proposed to be met from TPL – G (APP), SUGEN/ UNOSUGEN, renewable energy sources, bilateral, and power exchange.
- d) The Renewable Purchase Obligation (RPO) is essentially proposed to be met through the purchase of power generated from tied up capacity of renewable sources including rooftop.
- e) The capital expenditure of Ahmedabad Supply Area includes EHV schemes, HT Network expenditure Schemes, LT network expenditure schemes, Metering, Power Supply Centres, Special Projects including AMI, and IT & Communication, etc.
- f) Depreciation, Interest on loans, Interest on Working Capital, ROE, etc. have been computed as per the applicable Regulations.

1.13 The ARR thus computed for Ahmedabad Supply Area for FY 2023-24 is shown in the table below.

Table 3: ARR of Ahmedabad Supply Area for FY 2023-24

All Figures in Rs. Crore	FY 2023-24
Power Purchase	5,343.09
O&M expenses	423.86
Depreciation	364.04
Interest on loans	234.29
Interest on working capital	-
Interest on SD	44.02
Bad debts	4.69
Contingency reserve	0.60
RoE	388.19
Income Tax	46.47
Less: Non-tariff income	55.15
ARR	6,794.11

Revenue Gap/ (Surplus) for FY 2023-24

1.14 The revenue from sale of power has been computed considering the sales & existing tariff rates for different category of consumers which are detailed out in the respective

formats including the FPPPA.

- 1.15 TPL-D(A) further has further submitted that in the True up for FY 2020-21 and Determination of Tariff Order for FY 2022-23, the Hon'ble Commission has approved the base Power Purchase Cost at Rs. 4.88 per kWh and base FPPPA at Rs. 2.02 per kWh. As per approved FPPPA formula, any increase in power purchase cost during the year over and above base power purchase cost of Rs. 4.88 per kWh is to be recovered through FPPPA over and above base FPPPA of Rs. 2.02 per kWh on quarterly basis. As per projected ARR for FY 2023-24, the weighted average power purchase cost is worked out to Rs. 6.10 per kWh as against base power purchase cost of Rs. 4.88 per kWh. Thus, the incremental power purchase cost of Rs. 1.22 per kWh for FY 2023-24 will be recovered through revised base FPPPA which works to Rs. 3.24 per kWh. Therefore, revenue for FY 2023-24 is estimated by considering the revised FPPPA of Rs. 3.24 per kWh. Accordingly, the projected Revenue from sale of power is as under:

Table 4: Revenue from Sale of Power in FY 2023-24

All Figures in Rs. Crore	FY 2023-24
Ahmedabad Supply Area	6,937.24

- 1.16 The gap/ (surplus) is arrived at for FY 2023-24 by considering the revenue from sale of power including revenue from the FPPPA of Rs. 3.24/kWh and revenue from OA consumers. The summary of revenue gap/ (surplus) for FY 2023-24 is shown in the following table.

Table 5: Revenue Gap/ (Surplus) of Ahmedabad Supply for FY 2023-24

All figures in Rs. Crore	
ARR	6,794.11
Less:	
Revenue from sale of power at existing tariff rates including FPPPA revenue @Rs. 3.24 per unit	6,937.24
Revenue from Open Access Charges	11.52
Gap/ (Surplus)	(154.66)

TPL-D(A) has submitted to the Hon'ble Commission to consider the gap/ (surplus) as

proposed by it.

- 1.17 As per the GERC (Demand Side Management) Regulations, 2012, TPL-D(A) had formulated and submitted to the Hon'ble Commission a DSM Plan for the license areas of Ahmedabad, Gandhinagar and Surat. The Hon'ble Commission has approved Rs. 4.45 Crore for Ahmedabad supply area. In this regard, TPL-D(A) has incurred Rs. 0.22 Crore during FY 2021-22. Regarding the DSM Plan for the period starting from FY 2023-24, TPL-D(A) shall approach the Hon'ble Commission separately.
- 1.18 TPL-D(A) has calculated carrying cost. TPL-D(A), therefore, requests the Hon'ble Commission to consider such outstanding amount in addition to the Gap/ (Surplus) of FY 2021-22 along with carrying cost.
- 1.19 Based on above, the total gap thus arrived at is shown in the following table.

Table 6: Cumulative Revenue Gap/(Surplus) for determination of tariff of Ahmedabad Supply Area for FY 2023-24

All figures in Rs. Crore	
Gap/ (Surplus) of FY 2021-22	380.41
Carrying Cost	73.24
DSM	0.22
Gap/ (Surplus) of FY 2023-24	(154.66)
Cumulative Gap/ (Surplus) to be recovered through tariff	299.20

The recovery of the said cumulative gap of Rs. 299.20 Crore would have necessitated increase in tariff during FY 2023-24. Accordingly, TPL-D(A) has proposed to recover the cumulative gap of Rs. 299.20 Crore with effect from 1st April, 2023, by way of Regulatory Charge of Rs. 0.37 per unit during FY 2023-24.

- 1.20 TPL-D(A) has submitted that despite the overall inflationary pressures in general, TPL-D(A) has been managing its costs largely through operational efficiencies. For FY 2023-24, TPL-D(A) has proposed tariff revision as above to enable TPL-D(A) to recover the gap and to maintain and further improve its high standards of quality, reliability and customer services.
- 1.21 Further, TPL-D(A) has proposed to recover the Gap/Carrying cost for matters pending with Hon'ble GERC / APTEL by way of additional Regulatory Charge as may be required.
- 1.22 TPL-D(A) has also submitted that it is in receipt of representation regarding introduction of "Green Tariff" in its license areas. However, the methodology for determination of "Green Tariff" is required to be determined by the Hon'ble Commission. Hence, for FY 2023-24, TPL-D(A) has proposed "Green Tariff" of Rs. 1.50 per unit.