

Summary

Petition filed by TPL before Hon'ble GERC vide Case No. 2181/2023

Torrent Power Limited-Dahej Supply Area (TPL-D(D))

Background

- 1.1 As per the provisions of the GERC (Multi Year Tariff) Regulations, 2016, TPL-D(D) 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 (D) as per the Order dated 31st March, 2021 in Case No. 1928/2021. 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(D), 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 in Case No. 1928/2021 dated 31st March, 2021.
- 1.4 TPL-D(D) 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, 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 sales for Dahej Supply Area was 659.37 MU. The actual distribution loss

achieved for FY 2021-22 was 0.45%.

- 1.6 The trued up ARR has been arrived at by considering the actual expenses vis-à-vis approved expenses as per the order in Case No. 1928/2021 dated 31st March, 2021. The variation in power purchase cost on account of price, quantity, and mix is uncontrollable and passed on in the ARR. There is no reduction in distribution loss for Dahej supply area as compared to the approved distribution loss level. The O&M expenses are higher for Dahej supply area as compared to the approved figure in the Order in Case No. 1928/2021 dated 31st March, 2021.
- 1.7 The other fixed cost items of Dahej Supply Area, such as, Interest expense, Depreciation, 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. Accordingly, the sharing of gains/losses has been arrived at and the final 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 Dahej Supply Area for FY 2021-22

All figures in Rs. Crore		
ARR as per order	(a)	247.12
Gains/ (Losses) due to Uncontrollable Factors	(b)	(101.61)
Gains/ (Losses) due to Controllable Factors	(c)	-
Pass through as Tariff	d= -(b+1/3 rd of c)	101.61
Trued Up ARR	e=a+d	348.72

- 1.8 TPL-D(D) states that the treatment of revenue towards recovery of earlier years' approved Gap/ (Surplus) works out to a surplus of Rs. (26.99) Crore as per the Hon'ble Commission's order dated 1st April, 2021 for TPL-D(D). Accordingly, same has been considered by TPL-D(D).
- 1.9 Based on the above, the gap/ (surplus) for FY 2021-22 arrived at by equating the trued-up ARR with the revenue from sale of power after adjusting against earlier years' trued-up gap/ (surplus) is shown in the table below.

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

All figures in Rs. Crore	Actual
Trued-up ARR	348.72
Revenue from Sale of Energy	318.94
Less: Revenue towards recovery of Earlier Years' approved Gap/ (Surplus)	(26.99)
Balance Revenue	345.93
Gap/ (Surplus)	2.80

1.10 TPL-D(D) has submitted to the Hon'ble Commission to approve the trued-up 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(D) has submitted the petition for approval of the Aggregate Revenue Requirement and determination of tariff for TPL-D (D) 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) Sales Forecast: The energy sales for FY 2023-24 have been estimated considering the available information of type, load and usage pattern of the consumers as per the estimated development plan.
- b) Distribution losses: The distribution loss has been proposed to be 2.5% for Dahej Supply Area for FY 2023-24.
- c) Power Purchase Cost: The power purchase cost is a function of the energy requirement and price of available power for meeting the requirement. TPL-D(D) has made the long term arrangement to cater to the demand of its consumers from the DGEN project. However, as demand has not reached to required level, TPL-D(D) has not proposed to procure power from DGEN. For FY 2023-24, TPL-D(D) proposes to procure power through Bilateral Sources/Power exchange and Renewables.

- d) Capital Expenditure Plan: TPL-D(D) has planned to undertake prudent capital investments for development of distribution network so as to cater to the demand of its consumers and provide reliable & quality power. The major capital expenditure of Dahej Supply Area includes EHV expenditure schemes, HT expenditure schemes, LT network expenditure schemes, metering, customer care & IT, civil, etc.
- e) O&M Expenses: The operations in Dahej SEZ are in a development stage. However, TPL-D(D) has estimated the O&M expenses based on increase in O&M activities considering increase in sales and the need to provide reliable and quality power to its consumers.
- 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 Dahej Supply Area for FY 2023-24 is shown in the table below.

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

All Figures in Rs. Crore	FY 2023-24
Power Purchase	408.97
O&M expenses	13.66
Depreciation	7.00
Interest on loans	3.77
Interest on working capital	0.02
Interest on SD	1.68
Bad debts	-
Contingency reserve	0.99
RoE	6.48
Income Tax	0.65
Less: Non-tariff income	3.59
ARR	439.63

1.14 TPL-D(D) has further submitted that as per the GERC (Demand Side Management) Regulations, 2012, it is required to formulate and submit to the Hon'ble Commission a DSM Plan covering the control period. The control period has been deferred for one more year. In turn, TPL-D(D) will make necessary submission for the DSM plan for FY 2023-24 onwards and TPL-D(D) shall claim the actual DSM expenses as part of its trueing up petitions.

Gap/ (Surplus) Analysis for FY 2023-24

1.15 TPL-D(D) has 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. 4.06 per kWh and base FPPPA at Rs. 0.54 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. 4.06 per kWh is to be recovered through FPPPA over and above base FPPPA of Rs. 0.54 per kWh on quarterly basis. As per projected ARR for FY 2023-24, the weighted average power purchase cost is worked out to Rs. 5.40 per kWh as against base power purchase cost of Rs. 4.06 per kWh. Thus, the incremental power purchase cost of Rs. 1.34 per kWh for FY 2023-24 will be recovered through revised base FPPPA which works to Rs. 1.88 per kWh. Therefore, revenue for FY 2023-24 is estimated by considering the revised FPPPA of Rs. 1.88 per kWh.

1.16 The gap/ (surplus) is arrived at for FY 2023-24 by considering the revenue from sale of power at existing tariff rates including revenue from revised base FPPPA. The summary of revenue gap/ (surplus) for FY 2023-24 is shown in the following table.

Table 4: Revenue Gap/ (Surplus) of Dahej Supply for FY 2023-24

All figures in Rs. Crore	
ARR	439.63
Less:	
Revenue from sale of power at existing tariff rates including FPPPA revenue @Rs. 1.88 per kWh	431.69
Gap/ (Surplus)	7.93

TPL-D(D) has submitted to the Hon'ble Commission to consider the gap/ (surplus) as proposed by it.

1.17 TPL-D(D) has calculated carrying cost. TPL-D(D) has, therefore, requested the Hon'ble

Commission to consider such outstanding amount in addition to the Gap/ (Surplus) of FY 2021-22 along with carrying cost.

- 1.18 The summary of revenue gap/ (surplus) for determination of tariff FY 2023-24 is shown in the following table.

Table 5: Cumulative Revenue Gap/ (Surplus) for determination of tariff Of Dahej Supply Area for FY 2023-24

All figures in Rs. Crore	
Gap/ (Surplus) of FY 2021-22	2.80
Carrying Cost	0.53
Gap/ (Surplus) of FY 2023-24	7.93
Cumulative Gap/ (Surplus)	11.26

- 1.19 TPL-D(D) has proposed to recover the cumulative gap of Rs. 11.26 Crore with effect from 1st April, 2023, by way of average tariff increase of Rs. 0.16 per unit during FY 2023-24.
- 1.20 Further, TPL-D(D) has also proposed to recover the past period gap & carrying cost by way of Regulatory Charge upon disposal of CP/RP and Appeals by Hon'ble GERC and/or APTEL.
- 1.21 TPL-D(D) 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(D) has proposed "Green Tariff" of Rs.1.50 per unit.
- 1.22 The summary of change in tariff is provided at Annexure-1.

Proposed changes in Tariff for Dahej Licence Area

Sr. No.	Category	Fixed Charge	
1.	Non-RGP	Upto and including 10 kW of connected load	Rs. 60 per kW per month
2.	LTMD	For billing demand up to the contract demand	
		For first 40 kW of Billing Demand	Rs. 100 per kW per month
		Next 20 kW of Billing Demand	Rs. 140 per kW per month
		Above 60 kW of Billing Demand	Rs. 200 per kW per month
3.	HTP-I	For Billing Demand up to Contract Demand	
		For First 500 kVA of billing demand	Rs. 250 Per kVA per month
		For next 500 kVA of billing demand	Rs. 335 Per kVA per month
		For billing demand in excess of 1000 kVA	Rs. 525 Per kVA per month
4.	HTP-II	For Billing Demand up to Contract Demand	
		For First 500 kVA of billing demand	Rs. 125 Per kVA per month
		For next 500 kVA of billing demand	Rs. 235 Per kVA per month
		For billing demand in excess of 1000 kVA	Rs. 300 Per kVA per month
5.	HTP-III	For Billing Demand up to Contract Demand	Rs. 19 per kVA per day
6.	WWSP	Rs. 25 per HP per month	
7.	TEMPORARY	Rs.20 per kW per Day	