

**BEFORE THE HON'BLE GUJARAT ELECTRICITY REGULATORY
COMMISSION AT GANDHINAGAR**

Filing No. _____

Case No. _____

IN THE MATTER OF

Filing of Petition under Section 62 and 64 of the Electricity Act, 2003 read with all the applicable Regulations, under the GERC (Multi Year Tariff) Regulations, 2016 for Truing up of FY 2018-19 and Determination of tariff for FY 2020-21 for its Distribution business of Surat Supply Area

AND

IN THE MATTER OF

Torrent Power Limited
"Samanvay", 600, Tapovan,
Ambawadi, Ahmedabad – 380 015

.....PETITIONER

THE PETITIONER ABOVE NAMED RESPECTFULLY SUBMITS AS UNDER

Torrent Power Limited, hereinafter referred to as the "Petitioner" or "TPL", files the petition for Truing up of FY 2018-19 and Determination of tariff for FY 2020-21 for its Distribution business of Surat Supply area which is hereinafter referred to as TPL-D (S) for the sake of brevity.

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List of Abbreviation

Sl. No.	Abbreviation	Expansion
1	ATE/ APTEL	Appellate Tribunal for Electricity
2	ARR	Aggregate Revenue Requirement
3	BHP	Brake Horse Power
4	BPL	Below Poverty Line
5	Capex	Capital Expenditure
6	CERC	Central Electricity Regulatory Commission
7	CSS	Cross Subsidy Surcharge
8	DoE	Diversion of Energy
9	DSM	Demand Side Management
10	EHV	Extra High Voltage
11	FPPPA	Fuel and Power Purchase Price Adjustment
12	FY	Financial Year
13	GERC	Gujarat Electricity Regulatory Commission
14	GFA	Gross Fixed Asset
15	HT	High Tension
16	HTMD	High Tension Maximum Demand
17	HV	High Voltage
18	IT	Information Technology
19	kV	Kilo Volt
20	KW	Kilo Watt
21	LTMD	Low Tension Maximum Demand
22	LT	Low Tension
23	MU	Million Units
24	MW	Mega Watt
25	MYT	Multi Year Tariff
26	NTCT	Night Time Concession Tariff
27	OA	Open Access
28	O&M	Operation and Maintenance
29	PBT	Profit Before Tax
30	PF	Power Factor
31	PPC	Power Purchase Cost
32	REC	Renewable Energy Certificate
33	RGP	Residential General Purpose
34	RoE	Return on Equity
35	RPO	Renewable Power Purchase Obligation
36	SD	Security Deposit
37	SLC	Service Line Charges

TRUE-UP OF FY 2018-19 AND DETERMINATION OF TARIFF FOR FY 2020-21

Sl. No.	Abbreviation	Expansion
38	SLDC	State Load Despatch Center
39	TOU	Time Of Use
40	TPL	Torrent Power Limited
41	TPL - D	TPL Distribution
42	TPL - G (APP)	TPL - G (Ahmedabad Power Plant)
43	TPL - G	TPL Generation
44	T&D	Transmission & Distribution
45	UI	Unscheduled Interchange

Chapter 1: Introduction

Company Profile

- 1.1 Torrent Power Limited is a Company incorporated under the Companies Act, 1956. TPL supplies electricity as distribution licensee in accordance with the provisions of the Electricity Act, 2003. The business of distributing electricity in the Ahmedabad/Gandhinagar and Surat license area is hereinafter referred to as TPL-D for the sake of brevity.
- 1.2 The Petitioner submits that present petition is being filed for its distribution business of Surat supply area, hereinafter referred to as TPL-D(S).

Background to Multi Year Tariff Filing

- 1.3 The Hon'ble Commission has notified the GERC (Multi Year Tariff) Regulations, 2016 (hereinafter referred to as the GERC MYT Regulations, 2016) for the control period of FY 2016-17 to FY 2020-21.
- 1.4 In accordance with the GERC MYT Regulations, 2016, the Hon'ble Commission has approved the ARR for Surat supply area for the Control Period of FY 2016-17 to FY 2020-21 vide its Order dated 9th June 2017 in Case No. 1628/2016.
- 1.5 Subsequently, the Hon'ble Commission has approved the revised ARR for Surat supply area for the Control Period of FY 2019-20 & FY 2020-21 in the mid-term review vide its Order dated 24th April, 2019 in Case No. 1765/2018.

Requirement of Truing up and Determination of Tariff

- 1.6 The Regulation 16.2 (iii) of the GERC MYT Regulations, 2016 provides for the truing up of previous year's expenses and revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).
- 1.7 The Regulation 16.2 (vi) of the GERC MYT Regulations, 2016 provides for the annual determination of tariff for Distribution licensee for each financial year within the Control Period based on the approved forecast and results of the truing up exercise.

Approach adopted for Present Petition

- 1.8 The Petitioner submits the present petition for True-Up of FY 2018-19 for its distribution business of Surat Supply Area. The True-up exercise has been carried out based on the actual performance for FY 2018-19 including identification of variation in cost items on account of controllable/ uncontrollable factors and sharing of gains/losses based on the GERC MYT Regulations, 2016.
- 1.9 The Petitioner has considered the ARR of FY 2020-21 as approved in the order dated 24th April, 2019 in Case No. 1765/2018. The Petitioner has proposed determination of tariff for FY 2020-21 based on Trued up Gap/ (Surplus) of FY 2018-19, recovery of carrying cost, and estimated Gap/ (Surplus) of FY 2020-21 considering the approved ARR of FY 2020-21 and the revenue at existing tariff.
- 1.10 The Petitioner submits that the present petition is being filed without prejudice to the matters pending before the Hon'ble ATE and the claims, contentions and submissions of the Petitioner in relation to various sub judice matters.

Petition Structure

- 1.11 The Petitioner files the present petition for Truing Up of FY 2018-19 and determination of tariff for FY 2020-21 for its distribution business of Surat Supply Area.
- 1.12 The true-up of FY 2018-19 includes the analysis of cost items amongst the controllable/uncontrollable factors and sharing of gains/losses and the proposal for recovery of cumulative gap/ (surplus).
- 1.13 The petition includes the following Chapters. A brief outline of the content of each chapter is provided below:
- a) Chapter 1 contains the introductory information to the petition and background of the petition filing.
 - b) Chapter 2 contains the executive summary including a synopsis of the Petition and prayers to the Hon'ble Commission.
 - c) Chapter 3 covers true-up exercise for FY 2018-19 and identification of controllable/un-controllable costs.
 - d) Chapter 4 covers the sharing of gains/losses based on the factors identified as controllable & uncontrollable.
 - e) Chapter 5 contains the ARR for FY 2020-21.

- f) Chapter 6 contains the segregation of ARR in wheeling & retail supply business.
- g) Chapter 7 contains gap/ (surplus) analysis.
- h) Chapter 8 contains the Tariff proposal for FY 2020-21.
- i) Chapter 9 contains the compliance to the directives issued by the Hon'ble Commission in the past orders.
- j) Chapter 10 contains the prayers to the Hon'ble Commission.

Chapter 2: Executive Summary of the petition

- 2.1 As per the provisions of the GERC MYT Regulations, 2016, the Petitioner is filing this petition before the Hon'ble Commission for approval of:
- a) Truing up of ARR for FY 2018-19 and sharing of gains/losses on account of controllable/un-controllable factors,
 - b) Determination of Gap/(Surplus) for FY 2020-21, and
 - c) Determination of tariff for FY 2020-21

True Up for FY 2018-19

- 2.2 The Hon'ble Commission had approved the ARR for FY 2018-19 for TPL-D (S) as per the MYT order in Case No. 1628 of 2016 dated 9th June, 2017. This was based on the projections for FY 2018-19. The ARR approval is subject to truing up based on the actual data for FY 2018-19.
- 2.3 The Petitioner, for the purpose of truing up in accordance with the GERC MYT Regulations, 2016, is submitting this petition on the basis of the Hon'ble Commission's MYT order in Case No. 1628 of 2016 dated 9th June, 2017.
- 2.4 The Petitioner 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.
- 2.5 The energy requirement is based on the actual sales and the actual T&D losses for FY 2018-19. The sale for Surat Supply Area was 3,276.15 MU. The actual distribution loss achieved for FY 2018-19 was 3.43%. TPL-D (S) has outperformed the distribution loss target specified by the Hon'ble Commission.
- 2.6 The trued up ARR has been arrived at by considering the actual expenses vis-à-vis approved expenses as per the MYT Order in Case No. 1628 of 2016 dated 9th June, 2017. 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/loss is to be added to the ARR based on the sharing of gains/losses mechanism specified in the GERC MYT Regulations, 2016. There is a reduction in distribution loss for Surat 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 MYT Regulations, 2016.

- 2.7 The fixed cost items of Surat 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 Surat Supply Area for FY 2018-19

All figures in Rs. Crore		
ARR as per MYT order	(a)	2,021.30
Gains/ (Losses) due to Uncontrollable Factors	(b)	(321.56)
Gains/ (Losses) due to Controllable Factors	(c)	12.11
Pass through as Tariff	$d = -(b+1/3 \text{rd of } c)$	317.52
Trued Up ARR	$e = a + d$	2,338.82

- 2.8 The Petitioner would like to state that the revenue towards recovery of earlier years' approved Gap/ (Surplus) including carrying cost works out to Rs. 113.62 Crore as per the Hon'ble Commission's orders dated 31st March, 2018 (read with APTEL judgement dated 4th October, 2019) and 19th August, 2019 including the corresponding impact for subsequent periods.
- 2.9 Further, recovery of earlier years' gap is adjusted by Rs. (0.32) Crore based on the observations of the third party audit carried out by the audit agency appointed by the Hon'ble Commission read with Hon'ble Commission's order dated 24th April, 2019.
- 2.10 The Petitioner states that the tariff determination under the Electricity Act, 2003 is carried out under the principles incorporated in the Act and the Regulations. The GERC MYT Regulations specify the list of items to be considered for ARR of a distribution licensee. However, the delayed payment charges of FY 16-17 were

considered in the tariff determination process but inadvertently given an erroneous treatment contrary to the applicable Regulations. Therefore, the Petitioner humbly requests the Hon'ble Commission to allow the correct treatment of Rs. 2.91 Crore in the earlier years' gap, in accordance with the Statutory Regulations as applicable.

2.11 The summary of the gap/ (surplus) for Surat Supply area for FY 2018-19 is shown in the table below.

Table 2: Revenue Gap/ (Surplus) for Surat Supply Area for FY 2018-19

All figures in Rs. Crore	Actual
Trued-up ARR	2,338.82
Revenue from Sale of Energy	2,279.66
Less: Revenue towards recovery of Earlier Years' approved Gap/(Surplus)	113.62
Balance Revenue	2,166.04
Gap/ (Surplus)	172.78

2.12 The Petitioner requests the Hon'ble Commission to approve the ARR & revenue gap/(surplus) as per the computation provided hereinabove.

ARR of FY 2020-21

2.13 The Hon'ble Commission has approved the ARR of FY 2020-21 vide its order dated 24th April, 2019 in Case No. 1765/2018. Accordingly, the Petitioner has considered the ARR of FY 2020-21 as shown in the following table.

Table 3: ARR of Surat Supply Area for FY 2020-21

All Figures in Rs. Crore	FY 20-21
Power Purchase	1,745.15
O&M expenses	140.94
Interest on loans	32.06
Interest on SD	19.34
Interest on working capital	-
Depreciation	57.87
Bad debts written off	0.39
Contingency reserve	0.40

All Figures in Rs. Crore	FY 20-21
RoE	97.05
Tax	39.68
Less: Non-tariff income	23.85
ARR	2,109.03

Gap/ (Surplus) Analysis for FY 2020-21

2.14 The gap/ (surplus) is arrived at for FY 2020-21 by considering the revenue from sale of power including revenue from the base FPPPA. The summary of revenue gap/ (surplus) for FY 2020-21 is shown in the following table.

Table 4: Revenue Gap/ (Surplus) of Surat Supply for FY 2020-21

All figures in Rs. Crore	
ARR	2,109.03
Less:	
Revenue from sale of power at existing tariff rates including FPPPA revenue @Rs. 1.38 per unit	2,247.83
Gap/ (Surplus)	(138.80)

The Petitioner submits to the Hon'ble Commission to consider the gap/ (surplus) as proposed by it.

2.15 As per the GERC (Demand Side Management) Regulations, 2012, the Petitioner 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. 5.70 Crore for Surat supply area. In this regard, the Petitioner has incurred the expense of Rs. 0.14 Crore during FY 2018-19. The Petitioner submits that it has not incurred any expense towards the DELP program during FY 2018-19 as no invoices were received.

2.16 The Petitioner submits that there has been an increase in Employee expenses owing to change in law resulting in variation in the employee expenses. The Government of India issued a Notification dated 29th March, 2018, amending the Payment of Gratuity Act, 1972, inter alia increasing ceiling of gratuity to Rs. 20 lakhs from Rs. 10 lakhs. The Petitioner therefore submits that the said notification is a change in law in terms of Regulations 2(15) of the GERC MYT Regulations, 2016. Accordingly, the

Petitioner requests the Hon'ble Commission to allow the consequential effect on account of change in law as uncontrollable in addition to the tried up ARR of FY 2018-19 of TPL-D (S).

- 2.17 The Petitioner has calculated carrying cost for the Gap/ (Surplus) of FY 2018-19 including pending claims which works out to Rs. 35.99 Crore for TPL-D (S) as per the methodology approved/specified by the Hon'ble Commission. The Petitioner, therefore, requests the Hon'ble Commission to consider the aforementioned outstanding amount in addition to the Gap/ (Surplus) of FY 2018-19 & FY 2020-21 for the purpose of determination of tariff for FY 2020-21.
- 2.18 The Petitioner submits that the carrying cost of past periods kept in abeyance by the Hon'ble Commission should be allowed to be recovered as carrying cost charge upon decision of the Hon'ble ATE.
- 2.19 Based on above, the total gap/(surplus) thus arrived at is Rs. 71.99 Crore. The summary of revenue gap/ (surplus) for determination of tariff FY 2020-21 is shown in the following table.

Table 5: Cumulative Revenue Gap/(Surplus) for determination of tariff of Surat Supply Area for FY 2020-21

All figures in Rs. Crore	
Gap/ (Surplus) of FY 2018-19	172.78
Carrying Cost	35.99
DSM	0.14
Impact of change in law pertaining to FY 2017-18	1.88
Gap/ (Surplus) of FY 2020-21	(138.80)
Cumulative Gap/ (Surplus) to be recovered through tariff	71.99

- 2.20 The Petitioner proposes to recover the cumulative gap of Rs. 71.99 Crore, with effect from 1st April, 2020, by way of tariff revision of Rs. 0.21 per unit during FY 2020-21.
- 2.21 It may kindly be noted that the Petitioner's tariff was last increased in the year 2015-16. Since then, despite the overall inflationary pressures, the Petitioner has been managing its costs largely through operational efficiencies. The approval of tariff revision is essential so as to liquidate under recoveries and enable the Petitioner to

maintain and further improve its high standards of quality, reliability and customer services.

Prayers

2.22 The Petitioner files the present petition for Truing up of FY 2018-19 and determination of tariff for FY 2020-21 for its Distribution business of Surat Supply area.

2.23 In view of the facts and circumstances, the Petitioner prays to the Hon'ble Commission that it may be pleased to:

- a) Admit the petition for truing up of FY 2018-19 and determination of tariff for FY 2020-21.
- b) Approve the trued up Gap/ (Surplus) of FY 2018-19.
- c) Approve the sharing of gains/ losses as proposed by the Petitioner for FY 2018-19.
- d) Approve the cumulative Gap/ (Surplus).
- e) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2020.
- f) Allow recovery on account of change in law and delayed payment charges as set out in the present Petition.
- g) Approve the recovery through retail tariff as prayed for.
- h) Allow recovery of the costs as per the Judgments of the Hon'ble Tribunal in the Appeals filed by the Petitioner.
- i) Allow additions/ alterations/ changes/ modifications to the petition at a future date.
- j) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding.
- k) Allow any other relief, order or direction which the Hon'ble Commission deems fit to be issued.

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

Chapter 3: True-up for FY 2018-19

- 3.1 The Hon'ble Commission issued the order dated 9th June, 2017 in Case No. 1628/2016 approving Aggregate Revenue Requirement (ARR) based on the forecast for the financial year FY 2016-17 to FY 2020-21 in accordance with the provisions of the GERC MYT Regulations, 2016.
- 3.2 In this section, the true up has been proposed based on the actual performance of the business as per the GERC MYT Regulations, 2016. The segregation of under/over recovery and attribution of variation to controllable & uncontrollable factors has been done with respect to the approved estimates for FY 2018-19.
- 3.3 The scope for truing up exercise is as specified in Regulation 21.3 of the GERC MYT Regulations, 2016. The relevant extract of Regulations has been reproduced below for ready reference.

“The scope of the truing up shall be a comparison of the performance of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee with the approved forecast of Aggregate Revenue Requirement and expected revenue from tariff and charges and shall comprise of the following:

- a) a comparison of the audited performance of the applicant for the previous financial year with the approved forecast for such previous financial year, subject to the prudence check;*
 - b) Review of compliance with directives issued by the Commission from time to time;*
 - c) Other relevant details, if any.”*
- 3.4 For O&M expenses, it is proposed that the variation should be considered as controllable except specific variations due to changes in law and the factors beyond the control. For the Interest & Finance Charges, the interest rates and actual level of capitalisation have to be taken into consideration. The variation in these costs needs to be attributed to the factors responsible for the variation which are uncontrollable and controllable. It is also possible that in respect of variation in one item head, part of variation could be due to uncontrollable factors and the other part (i.e. balance part) could be due to controllable factors.

3.5 Based on the above, the Petitioner prays to the Hon'ble Commission to allow the computation of controllable/uncontrollable costs and sharing of gains/losses as submitted by the Petitioner in the following Section.

Energy Sales to the Consumers

3.6 In the MYT petition, the Petitioner estimated the sales for the control period FY 2016-17 to FY 2020-21 based on the actual sales of the past years and the likely scenario in the future. The Hon'ble Commission in the MYT order has approved the energy sales as per the methodology followed by the Petitioner.

3.7 The actual sales in FY 2018-19 were lower than the sales approved in MYT Order mainly due to a combined effect of slowdown in industry and lower temperature. Further, the installed capacity of solar rooftop has reached to about 9 MW and is on an increasing trend, which also has an impact on sales. In this background, the major reasons for deviation in category-wise sales are enumerated hereunder:

- a) The actual sales of RGP category is lower than the MYT approved sales. This is primarily due to lower temperature registered during FY 2018-19 and solar rooftop.
- b) Sales in Non RGP & LTMD category arise mainly from industrial and non-industrial consumers. The industrial consumers comprises of textile, diamond and embroidery segments whereas non-industrial consumers comprises of shops, showrooms and offices. During FY 2018-19, the actual sales for Non RGP & LTMD category is lower than the approved sales. This is mainly due to slowdown of industries, mainly textile and diamond industries.
- c) In HT category, the consumption is attributable to the industrial and commercial establishments, water works and pumping stations run by local authority, and temporary services. During FY 2018-19, the actual sales in HT category were lower than the approved sales due to closure of textile units and wind/solar wheeling by local authority.
- d) In Others category, the actual sales are lower than approved. This is mainly attributable to installation of energy efficient streetlight by local authority.

3.8 The GERC MYT Regulations, 2016 specifies that the variation in quantities of electricity supplied to the consumers is attributed as uncontrollable factor.

Therefore, the Petitioner requests the Hon'ble Commission for the truing up of actual sales as shown in the table below.

Table 6: Energy Sales to Consumers for Surat Supply Area in FY 2018-19 (In MU)

Category	MYT Order	Actual
RGP	865.82	809.33
Non RGP	1,268.41	1,209.29
LTMD	961.41	904.82
HT	337.17	325.47
Others	30.10	26.26
DoE Units	-	0.98
Total Sales	3,462.91	3,276.15

Distribution Loss

3.9 The Petitioner has been making consistent efforts to maintain the distribution losses at lower levels in its license area. Consequent to the efforts, it has outperformed the distribution losses approved by the Hon'ble Commission.

3.10 The achievement/deviation from the approved values is shown in the table below.

Table 7: True-Up of Distribution Loss of Surat Supply Area (In %)

Particulars	MYT Order	Actual
Distribution Loss	3.69%	3.43%

3.11 The Petitioner submits that the variation in the distribution loss compared to the approved value is considered as controllable.

Energy Requirement

3.12 Based on the actual energy sales and the transmission & distribution loss units, the actual energy requirement for Ahmedabad and Surat license area has been furnished below. The total energy requirement was met through various sources as described in the subsequent section.

Table 8: Energy Requirement of TPL-D for FY 2018-19

(All figures in MU except mentioned otherwise)

Particulars	MYT Order	Actual
Ahmedabad Supply Area		
Energy Sales	7,828.69	7,835.27
Distribution loss (in %)	6.85%	5.61%
Distribution loss	575.70	465.84
Energy input at distribution level	8,404.39	8,301.10
Transmission loss	59.25	39.20
Energy Requirement (A)	8,463.64	8,340.30
Surat Supply Area		
Energy Sales	3,462.91	3,276.15
Distribution loss (in %)	3.69%	3.43%
Distribution loss	132.68	116.27
Energy input at distribution level	3,595.59	3,392.42
220 kV/Transmission loss	40.36	27.77
Energy Requirement (B)	3,635.95	3,420.19
Total Energy Requirement (A + B)	12,099.59	11,760.49

Energy Availability

3.13 TPL-D sourced power collectively for its Ahmedabad and Surat license area from TPL-G (APP), SUGEN, Renewable Energy and other sources such as bilateral purchase/power exchange. The source-wise power procured for TPL-D is provided in the table below.

Table 9: Energy Availability (Net) for FY 2018-19 for TPL-D (In MU)

Energy Sources	MYT Order	Actual
TPL - G (APP)	2,393.27	2,587.41
SUGEN	4,754.49	6,018.92
Bilateral	1,975.08	63.69
Power Exchange	1,440.18	1,889.91
Renewables	1,536.66	1,105.37
Sub-Total	12,099.68	11,665.30
Add: Sale of Surplus Power/UI	-	95.18
Total	12,099.68	11,760.49

3.14 During FY 2018-19, lower forced outages at TPL-G (APP) resulted in higher availability

of Sabarmati plant. In reference to SUGEN, the variation in the quantum of procurement is due to higher off-take from tied up LNG. However, with respect to Renewables, there is a variation due to supply constraints and other factors.

3.15 The Petitioner has also procured power from bilateral sources and balance requirement has been fulfilled through procurement of top up power from power exchange.

Power Purchase

3.16 The quantum of power purchase depends on energy sales and distribution loss and the mix of power purchase depends on availability & cost of different sources at a point of time. Therefore, the Hon'ble Commission has also classified it as uncontrollable item except for the variation in distribution loss level. The actual power purchase for FY 2018-19 is provided in the table below and compared with the approved power purchase.

3.17 The variation in the power purchase cost from the MYT order is on account of variation in sales & distribution losses, variation in actual cost with respect to the base rate along with purchase of power from short-term sources to meet the shortfall during the year.

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

Table 10: Power Purchase Cost for TPL-D Supply Area in FY 2018-19

All figures in Rs. Crore	MYT Order	Actual
TPL - G (APP)	1,088.78	1,202.76
SUGEN	2,632.22	3,979.36
Bilateral	622.15	32.45
Power Exchange	449.34	1,000.75
Renewables	851.15	654.47
REC	-	22.75
Total	5,643.64	6,892.53

3.19 TPL-D submits that the power purchase for its Ahmedabad & Surat license areas has been carried out on collective basis and the total power purchase cost has been apportioned between Ahmedabad & Surat on the basis of usage of power.

Accordingly, the allocated power purchase cost for Surat Supply area is Rs. 2,004.49 Crore for FY 2018-19.

Renewable Power Purchase Obligation

- 3.20 The Petitioner submits that Regulation 4.1 of the GERC (Procurement of Energy from Renewable Energy Sources) Regulation, 2010 specifies the Renewable Power Purchase Obligation (RPPO). Subsequently, the Hon'ble GERC vide its notification no. 1 of 2018 notified the GERC (Procurement of Energy from Renewable Sources) (Second Amendment) Regulations, 2018 specifying RPPO for the period FY 2017-18 to 2020-21. TPL-D has made all efforts to fulfil its RPPO.
- 3.21 The renewable energy requirement and renewable energy sourced for FY 2018-19 is as under:

Table 11: Renewable Power Purchase Obligation for FY 2018-19

Particulars	MU
Energy Requirement	11,760.49
Obligation	
Wind energy to be procured (@7.95%)	934.96
Solar energy to be procured (@4.25%)	499.82
Biomass/Bagasee/Others (@0.50%)	58.80
Total (12.70%)	1,493.58
Compliance (Non-Solar)	
Wind	834.13
Non Solar-REC	101.28
Compliance	935.40
Compliance (as % of Energy Requirement)	7.95%
Compliance (Solar energy)	
Solar	331.28
Solar-REC	100.00
Compliance	431.28
Compliance (as % of Energy Requirement)	3.67%
Total Shortfall/(Surplus) of FY 2018-19	126.89

- 3.22 The Petitioner has approached the Hon'ble Commission in the matter of revision of minimum quantum of purchase (in %) from renewable energy sources for the year

FY 2018-19 in accordance with the RPO Regulations vide its Petition no. 1830 of 2019.

- 3.23 Further, during FY 2018-19 the Petitioner has given adjustment of 60.91 MU of wind power towards the compliance of the Hon'ble Commission's order dated 8th January, 2019 in Case No. 1437 of 2014. Regarding solar power, the matter is subjudice before the Hon'ble Commission in Case No. 1786 of 2019.

Fixed Cost

Operation & Maintenance (O&M) expenses

- 3.24 The actual O&M expenses considered for true up vis-a-vis the approved has been provided in the table below.

Table 12: O&M Expenses of Surat Supply Area in FY 2018-19

All figures in Rs. Crore	MYT Order	Actual
Operation & Maintenance Expenses	126.10	133.70

- 3.25 The actual O&M expenses of Surat supply area have exceeded the approved value. The Petitioner submits that the variation in O&M expenses should be considered as controllable except due to changes in law and the factors beyond the control.
- 3.26 The Petitioner submits that there has been increase in Employee Cost owing to following uncontrollable factors:
- Wage Revision: The Petitioner was in discussions with unionized employees of Surat license area for wage revision. The exercise of wage settlement was concluded and its impact was crystalized in FY 2018-19. As wage revision had to come into effect from 1st January, 2016, the Petitioner had made the provision of Rs. 0.79 Crore, Rs. 3.15 Crore and Rs. 3.15 Crore for wage revision in the employee expenses for FY 2015-16, FY 2016-17 and FY 2017-18, respectively, in its books. As the wage settlement was concluded in FY 2018-19, the impact of wage settlement crystalized during FY 2018-19. Further, crystallisation of wage revision has also increased leave encashment by Rs. 1.28 Crore.
 - Gratuity: The Petitioner submits that there has been an increase in Employee Cost owing to change in law resulting in variation in the employee expenses. The

Government of India issued a Notification dated 29th March, 2018, amending the Payment of Gratuity Act, 1972, inter alia increasing ceiling of gratuity to Rs. 20 lakhs from Rs. 10 lakhs. Prior to the amendment of the Payment of Gratuity Act, 1972 vide the Notification dated 29th March 2018; the upper ceiling on gratuity amount payable under the Act was Rs. 10 lakhs. Pursuant to the amendment the ceiling has been raised to Rs. 20 lakhs. Thus, the employee cost has increased due to the amendment in the Payment of Gratuity Act, 1972. The Petitioner therefore submits that the said notification is a change in law in terms of Regulations 2(15) of the GERC MYT Regulations, 2016 and has resulted in the increase in Employee Cost by Rs. 4.62 Crore for FY 2018-19.

- 3.27 The Petitioner requests the Hon'ble Commission to consider the increase in O&M expenses on account of wage revision and change in law as uncontrollable and allow gains/ loss accordingly as proposed at Chapter 4 herein below.

Capital Expenditure

- 3.28 The Hon'ble Commission in its order in Case No. 1628/2016 had approved capital expenditure of Rs. 236.93 Crore for FY 2018-19.
- 3.29 The capital expenditure incurred by Surat Supply Area in FY 2018-19 is Rs. 184.34 Crore which is lower than the approved value. The details of the capital expenditure are provided in the following table.

Table 13: Capital Expenditure for Surat Supply Area in FY 2018-19

All figures in Rs. Crore	MYT Order	Actual
EHV	174.26	116.16
HT Network	23.17	30.10
LT Network	15.91	23.73
Special Projects	2.55	1.73
Civil Related work	0.26	0.08
220 kV connectivity with GENSU	-	0.06
Metering	12.11	8.83
Customer care	0.26	-
IT	3.47	2.28
Miscellaneous	4.93	1.38
Total	236.93	184.34

3.30 The reasons for the major variances in the actual expenditure against the approved expenditure are enumerated hereunder:

a) EHV – The Hon’ble Commission had approved the capital expenditure of Rs. 174.26 Crore for EHV. In this regard, the Petitioner has incurred the expenditure of Rs. 116.16 Crore. The major variation is on account of the following:

- New 220 kV EHV SS: The project for commissioning of 220 kV C-GIS along with 220 kV & 66 kV inter-connectivity was initiated in FY 2017-18. During FY 2018-19 an expenditure of Rs. 103.80 Crore has been incurred towards commissioning of 220kV and 66kV GIS and 220 kV connectivity between C-Bhatar & C-Puna connectivity and 66kV connectivity between C-A station.
- Additional 66 kV connectivity to cater to load growth: Considering the peak loading of 66kV incoming source and looking to difficulty in load transfer in case of fault, additional 66 kV connectivity schemes have been proposed during MYT. In this regard, Rs. 4.17 Crore has been incurred during FY 2018-19 for establishing additional 66 kV connectivity between Puna-E station.
- Augmentation / Replacement of Power Transformer & ICT: An expenditure of Rs. 2.42 Crore was incurred under the head of Augmentation / Replacement of Power Transformer & ICT. The variation in the expenditure is on account of lower cost of Power transformer & equipment.
- Technology Upgradation & Capacity enhancement of EHV SS: The project of 66 kV control room shifting at B station, initiated in FY 2017-18, was completed in FY 2018-19. Accordingly, Rs. 4.09 Crore was incurred during FY 2018-19.
- Supporting Infrastructure: The deviation is mainly on account of deferment of expenditure towards ABT system upgradation to FY 2019-20 and lower cost incurred due to price variation of material procured.
- In addition to the above, the Petitioner has also incurred the expenditure

towards (i) Replacement of porcelain insulators by polymeric insulators in 220 kV network, and (ii) Replacement & Renovation in existing EHV substation. However, the Petitioner has deferred expenditure for new 66kV substation at Katargam and Bhatena due to scarcity of suitable land.

- b) HT – The Hon’ble Commission had approved the capital expenditure of Rs. 23.17 Crore for HT network. However, the actual expenditure was Rs. 30.10 Crore. The major reasons for variation was on account of (i) HT cable laid to create ready-to-serve network (ii) Implemented Automation in higher number of Distribution substations than estimated (iii) Higher number of HT connections released (iv) Higher number of Distribution Transformers upgraded / replaced for load balancing and to enhance reliability; and (v) Procurement of HT cable fault locating van. The expenditure includes capex towards projects carried forward from FY 2017-18.
- c) LT – The Hon’ble Commission had approved the capital expenditure of Rs. 15.91 Crore for LT network. However, the actual expenditure was Rs. 23.73 Crore due to development of new network for release of connections based on geographical locations like Ved, Dabholi, Singanpore, Udhna Magdalla Road, Umra. Expenditure has also been incurred towards replacement of deteriorated, aged, and unsafe MSP as well as towards replacement of LT equipments like earth clamp meters and thumper, etc.
- d) Metering – The Hon’ble Commission had approved capital expenditure pertaining to Metering of Rs. 12.11 Crore. The variation in actual expenditure was mainly due to (i) Lower quantum of meter replacement than estimated and (ii) Deferment of fully automatic testing bench and CT/PT testing kit; and (iii) Deferment of central storage system.
- e) Special Projects – The Hon’ble Commission had approved capital expenditure of Rs. 2.55 Crore towards special projects. In this regard, the deviation in actual expenditure is due to rescheduling the execution of substores with Power Supply Centers. During FY 2018-19, Petitioner has incurred capex towards GIS.
- f) Others – The Petitioner has incurred a capex of Rs. 2.28 Crore for hardware & software under the head of IT and communication, whereas, it has incurred

lower capex under the head of Civil Works due to proposed PSCs. It may kindly be noted that, the capex under the head of Customer Care has been deferred.

The details of capitalisation is as under:

Table 14: Capitalization for Surat Supply Area in FY 2018-19

All figures in Rs. Crore	MYT Order	Actual
Opening GFA	1,679.03	1,648.45
Addition to GFA	129.50	173.08
Deletion from GFA	-	11.32
Closing GFA	1,808.53	1,810.20
SLC Addition	13.22	12.12
Capitalization for Debt	116.28	149.64
Capitalization for Equity	116.28	149.64
Normative debt @ 70%	81.40	104.74
Normative Equity @ 30%	34.88	44.89

Interest Expenses

- 3.31 The Petitioner submits that the GERC MYT Regulations, 2016 provides for the calculation of interest expenses on normative basis considering the amount of depreciation of assets as the amount of repayment.
- 3.32 The Petitioner has considered the interest expenses as per the GERC MYT Regulations, 2016 on normative loans. The Petitioner has calculated the interest expenses by applying Weighted Average Rate of interest of the actual loan portfolio of the Petitioner during the year on the loan component while repayment has been considered equal to the depreciation of the assets for the year.
- 3.33 The eligible interest expenses for FY 2018-19 are shown in the table below.

Table 15: Interest Expense for TPL-D (S)

All Figures in Rs. Crore	Actual
Addition to GFA	173.08
Less: Deletions from GFA	11.32
Less: SLC additions	12.12
Capitalisation for Debt	149.64
Normative Debt @ 70%	104.74
Opening Balance of Loans	277.42

All Figures in Rs. Crore	Actual
Loan Addition during the Year	104.74
Repayments	55.19
Closing Balance of Loans	326.97
Average Loan	302.19
Interest Expense @8.66%	26.18
Other Borrowing Cost	0.52

3.34 The total allowable interest expenditure is furnished in the following table for the consideration of the Hon'ble Commission.

Table 16: Total Interest Expense for Surat Supply Area in FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Interest Expenses	29.85	26.70

3.35 The Petitioner requests the Hon'ble Commission to approve the above mentioned interest expenses. The variation in interest expenses compared to the approved expenses is to be treated as uncontrollable, as it depends on the quantum of actual capitalization and the variation in the interest rates.

Interest on Security Deposit

3.36 The Hon'ble Commission in its MYT order had approved the interest on security deposit for the Petitioner considering 7.75% interest rate on the average estimated balance of security deposit for FY 2018-19.

3.37 The actual interest expense on security deposit considering the rate of interest of 6.25% paid to consumers based on Bank Rate is submitted in the table below for the approval of the Hon'ble Commission.

Table 17: Interest on Security Deposit of Surat Supply Area for FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Interest Rate	7.75%	6.25%
Interest on Security Deposit	19.46	17.32

3.38 The Petitioner submits that the variation in security deposit amount and the variation in interest rate are uncontrollable. Hence, the variation in interest on security deposit compared to the approved expenses is to be treated as uncontrollable.

Interest on Working Capital

3.39 The working capital requirement is arrived at as per the GERC MYT Regulations, 2016. The revised computation is provided in the table below for the approval of the Hon'ble Commission.

Table 18: Interest on Working Capital of Surat Supply Area for FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
O&M expense for 1 month	10.51	11.14
1 % of GFA for maintenance spares	16.79	16.48
Receivables for 1 month	178.33	189.97
Less: Security Deposit	251.07	288.06
Working Capital Requirement	-	-
Interest Rate (%)	11.70%	10.89%
Interest on Working Capital	-	-

3.40 The Petitioner submits that the variation in working capital requirement is primarily on account of variation in actual O&M expenses and receivables. Further, there is a variation in interest rate applicable to working capital requirement. The Petitioner would like to submit that the variation between the MYT approved interest on working capital and actual interest on working capital was mainly attributable to uncontrollable factors only. Accordingly, variation in Interest on Working Capital is treated as uncontrollable.

3.41 TPL-D (S) requests the Hon'ble Commission to approve the above mentioned interest on working capital.

Depreciation

3.42 The depreciation rates as per the CERC (Terms & Conditions of Tariff) Regulation, 2004 is applied on the opening GFA of FY 2009-10 and for addition of assets from 1st April, 2009 onwards depreciation has been computed at the rates specified in the

GERC Regulations.

3.43 The total depreciation arrived at, as described above, is shown in the table below.

Table 19: Depreciation for Surat Supply Area in FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Depreciation	56.04	55.19

3.44 The Petitioner requests the Hon'ble Commission to approve the depreciation as mentioned above. It further submits that the variation in depreciation amount compared to the approved amount is to be treated as uncontrollable.

Return on Equity

3.45 The closing balance of equity has been arrived at considering additional equity of 30% of the capitalisation during the year. The return on equity has been computed by applying a rate of 14% on the average of opening balance & closing balance of equity.

Table 20: Return on Equity (RoE) for Surat Supply Area in FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Opening Equity	604.04	592.13
Equity addition during the year	34.88	44.89
Equity at end of the year	638.92	637.02
Average of Opening and Closing	621.48	614.57
Return on Equity	87.01	86.04

3.46 The Petitioner requests the Hon'ble Commission to consider the variation in ROE as uncontrollable and allow the same for the purpose of truing up.

Income Tax

3.47 While passing the MYT Order, the Hon'ble Commission approved Rs. 42.24 Crore as income tax as per the actuals of FY 2015-16.

3.48 For FY 2018-19, the Petitioner has claimed the Income Tax based on the actual tax paid in proportion to the PBT of TPL-D(S). Hence, the total amount claimed under the head of income-tax is Rs. 14.75 Crore.

Table 21: Income Tax for Surat Supply Area in FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Income Tax	42.24	14.75

3.49 The Petitioner requests the Hon'ble Commission to consider the variation in Income Tax as uncontrollable and allow the same for the purpose of truing up.

Bad debts written off

3.50 The Hon'ble Commission in its MYT order has approved the bad debts of Rs. 0.33 Crore on provisional basis for Surat supply area.

3.51 The Petitioner submits that it has written off bad debts of Rs. 0.42 Crore during the year.

Table 22: Bad debts written off for Surat Supply Area in FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Bad debts written off	0.33	0.42

3.52 The GERC MYT Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable. The Petitioner has considered the entire variation in bad debts written off in FY 2018-19 as controllable for sharing of gains/losses in line with the Regulations.

Contingency reserve

3.53 The Hon'ble Commission had allowed token amount towards the contingency reserve for meeting the requirement of unexpected emergent circumstances.

3.54 Accordingly, the Petitioner has considered the approved values as shown in the table below.

Table 23: Contingency Reserve for Surat Supply Area in FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Contingency Reserve	0.40	0.40

3.55 The Petitioner requests the Hon'ble Commission to approve the Contingency Reserve for the purpose of truing up.

Non-tariff Income

- 3.56 The Hon'ble Commission had approved non-tariff income of Rs. 36.08 Crore in the MYT Order. The actual non-tariff income considered for true-up is Rs. 8.26 Crore. It may kindly be noted that the meter rent, which was part of estimated non-tariff income, has been abolished for the electricity consumers with effect from 1st April 2018.
- 3.57 Further, in the previous control period, the Petitioner has considered treatment towards income and expense of bad debts on similar lines as per the Hon'ble APTEL judgement. Hence, the variation in recovery of bad debts was considered as controllable.
- 3.58 However, GERC MYT Regulations, 2016 provides that variation in bad debts written off is to be considered as controllable while variation in bad debts recovery is to be considered as uncontrollable. The Petitioner has therefore considered the entire variation in bad debts recovery in FY 2018-19 as uncontrollable for sharing of gains/losses in line with the Regulations. However, the Petitioner requests the Hon'ble Commission to revisit the provisions related to bad debts recovery & expenses.

Table 24: Non-Tariff Income of Surat Supply Area in FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Non-Tariff Income	36.08	8.26

- 3.59 The Petitioner submits that the variation in non-tariff income as detailed above has been considered as uncontrollable. Accordingly, it requests the Hon'ble Commission to allow the above variation in Non-Tariff Income as uncontrollable for the purpose of truing up.

Revenue Requirement of Surat Supply Area

- 3.60 The Aggregate Revenue Requirement for the Surat supply area is shown in the table below:

Table 25: True Up for Surat Supply Area for FY 2018-19

All Figures in Rs. Crore	MYT Order	Actual
Power Purchase	1,695.95	2,004.49
O&M expenses	126.10	133.70
Interest on loans	29.85	26.70
Interest on SD	19.46	17.32
Interest on working capital	-	-
Depreciation	56.04	55.19
Bad debts written off	0.33	0.42
Contingency reserve	0.40	0.40
RoE	87.01	86.04
Income Tax	42.24	14.75
Less: Non-tariff income	36.08	8.26
ARR	2,021.30	2,330.75

3.61 The Petitioner requests the Hon'ble Commission to kindly approve the trued up ARR submitted hereinabove.

Chapter 4: Sharing of gains and losses for FY 2018-19

4.1 Regulation 23 and 24 of the GERC MYT Regulations, 2016 enumerates the mechanism for sharing of gains and losses on account of uncontrollable and controllable factors.

4.2 In case of uncontrollable factors, the gain and losses are entirely passed through as an adjustment in tariff. The relevant Regulation of the GERC MYT Regulations, 2016 is reproduced below:

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

4.3 In case of controllable factors, the gains and losses are shared between the generating company / licensee and the consumer in the form of tariff adjustment. The relevant provision of the regulation is provided in this section. Also the mechanism adopted in this petition for sharing of gains & losses on account of controllable factors is as outlined in Regulation 24.1 & 24.2 of the GERC MYT Regulations, 2016. The relevant extracts of the Regulations has been reproduced below for ready reference.

4.4 The mechanism for sharing of gains defined in Regulation 24.1 of the GERC MYT Regulations, 2016 is as under:-

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

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

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

4.5 The mechanism for sharing of losses defined in Regulation 24.2 of the GERC MYT Regulations, 2016 is as under:-

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

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

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

4.6 The Petitioner has compared the actuals for FY 2018-19 with the approved figures and has segregated the variation as controllable or uncontrollable based on the analysis mentioned hereinabove in the truing up section.

4.7 The comparison of various ARR items and the Revenue from the sale of power for Surat supply area and the gains/ losses due to controllable and uncontrollable factors have been summarised below:

Table 26: Controllable & Uncontrollable variations in Surat Supply Area for FY 2018-19

All Figures in Rs. Crore	FY 2018-19 (MYT Order)	FY 2018-19 (Actual)	Over/(Under) recovery	Controllable	Uncontrollable
Power Purchase	1,695.95	2,004.49	(308.54)	4.84	(313.37)
O&M expenses	126.10	133.70	(7.60)	7.37	(14.97)
Depreciation	56.04	55.19	0.85	-	0.85
Interest on loans	29.85	26.70	3.15	-	3.15
Interest on SD	19.46	17.32	2.14	-	2.14
Interest on working capital	-	-	-	-	-
RoE	87.01	86.04	0.97	-	0.97
Bad debts written off	0.33	0.42	(0.09)	(0.09)	-
Contingency reserve	0.40	0.40	-	-	-
Income Tax	42.24	14.75	27.49	-	27.49
Less: Non-tariff income	36.08	8.26	27.82	-	27.82

All Figures in Rs. Crore	FY 2018-19 (MYT Order)	FY 2018-19 (Actual)	Over/(Under) recovery	Controllable	Uncontrollable
ARR	2,021.30	2,330.75	(309.45)	12.11	(321.56)

4.8 The variation in the power purchase expenditure is mainly due to variation in sales coupled with variation in fuel and power purchase rate. The Regulation provides that any variation on account of power procurement cost is to be treated as uncontrollable except the variation on account of distribution losses. The variation in distribution losses has resulted in reduction in the energy requirement, which in turn has reduced the cost of power purchase. Accordingly, the reduction in power procurement cost due to distribution losses is treated as controllable.

4.9 For the purpose of calculation of gain on account of reduction in distribution loss, the loss level approved by the Hon'ble Commission in Case No. 1628 of 2016 vide order dated 9th June, 2017 has been considered by the Petitioner. The calculation of gains on account of reduction in distribution loss is quantified as per the table below.

Table 27: Gains due to reduction in energy requirement of Surat Supply Area due to reduction in distribution loss

Particulars	UOM		Actual
Actual Energy purchased at distribution level	MU	(a)	3,392.42
Energy Sales	MU	(b)	3,276.15
Wheeling Energy - OA/RE	MU	(c)	50.91
Total wheeled units	MU	(d) = (b)+(c)	3,327.06
Approved Distribution Loss	%	(e)	3.69%
Energy required at distribution level at approved loss	MU	(f) = (d)/(1-(e))	3,454.53
Difference	MU	(g) = (f)-(a)-(c)	11.20
Units recovered as loss	MU	(h)	2.95
Reduction in Energy Requirement	MU	(i) = (g)-(h)	8.25
Average PPC	Rs./kWh	(j)	5.86
Savings	Rs. Crore	(k) = (i)*(j)/10	4.84

4.10 Regarding O&M expenses, it is submitted that the variation should be considered as controllable except due to changes in law and the factors beyond the control. As stated at Para 3.26 above, the increase in Employee expenses owing to change in law and wage revision is considered as uncontrollable.

- 4.11 The variation in ROE, Interest expenses, depreciation on account of variation in capitalization and interest rates has been treated as uncontrollable.
- 4.12 The variation in non-tariff income has been treated as uncontrollable; whereas variation in bad debts expenses has been treated as controllable. Similarly, the variation in interest on working capital requirement is treated as uncontrollable as variation in working capital requirement and interest rate is uncontrollable.
- 4.13 The variation in Interest on Security Deposit is on account of variation in the security deposit amount and interest rate. Accordingly, the variation in the interest on security deposit has been treated as uncontrollable.
- 4.14 The Petitioner submits that any variation on account of uncontrollable factors is a part of the gap/ (surplus) identified for the year and is passed on to the consumers through adjustment in tariff as per the Regulation 23 of the GERC MYT Regulations, 2016. However, in case of variation due to controllable factors, the gains and losses have to be dealt with as per Regulation 24.
- 4.15 Based on the above, the sharing of gains and losses due to controllable factors is summarised below.

Table 28: Sharing of gains and losses in Surat Supply Area for FY 2018-19

All Figures in Rs. Crore	Pass through by adjustment in tariff	To be retained/ absorbed	Total
Controllable Gain	4.07	8.13	12.20
Controllable Loss	(0.03)	(0.06)	(0.09)
Total	4.04	8.07	12.11

- 4.16 Out of total net controllable gain of Rs. 12.11 Crore, Rs. 4.04 Crore is to be passed on to the consumers. The balance Rs. 8.07 Crore is to be retained by the Petitioner as per the Regulations detailed hereinabove. The same needs to be added to the gap/ (surplus) and would be collected from tariff.
- 4.17 The following is the summary of trued-up ARR to be recovered by the Petitioner for Surat Supply area after inclusion of sharing of gains/(losses).

Table 29: Trued-up ARR incl. Gains/losses for Surat Supply Area for FY 2018-19

All Figures in Rs. Crore		
ARR as per MYT	(a)	2,021.30

All Figures in Rs. Crore		
Gains/(Losses) due to Uncontrollable Factors	(b)	(321.56)
Gains/(Losses) due to Controllable Factors	(c)	12.11
Pass through as tariff	$d = -(1/3 \text{rd of } c + b)$	317.52
Trued -up ARR	$e = a + d$	2,338.82

- 4.18 The Petitioner would like to state that the revenue towards recovery of earlier years' approved Gap/ (Surplus) including carrying cost works out to Rs. 113.62 Crore as per the Hon'ble Commission's orders dated 31st March, 2018 (read with APTEL judgement dated 4th October, 2019) and 19th August, 2019 including the corresponding impact for subsequent periods.
- 4.19 Further, recovery of earlier years' gap is adjusted by Rs. (0.32) Crore based on the observations of the third party audit carried out by the audit agency appointed by the Hon'ble Commission read with Hon'ble Commission's order dated 24th April, 2019.
- 4.20 The Petitioner states that the tariff determination under the Electricity Act, 2003 is carried out under the principles incorporated in the Act and the Regulations. The GERC MYT Regulations specify the list of items to be considered for ARR of a distribution licensee. However, inadvertently, the Delayed Payment Charges for FY 2016-17 of Rs. 2.91 Crore had been considered as part of ARR of FY 2016-17. Thus, the delayed payment charges were considered in the tariff determination process but inadvertently given an erroneous treatment contrary to the applicable Regulations. Presently, therefore, the Petitioner humbly requests the Hon'ble Commission to allow the correct treatment of Rs. 2.91 Crore in the earlier years' gap, in accordance with the Statutory Regulations as applicable.
- 4.21 The summary of the gap/ (surplus) for Surat Supply area for FY 2018-19 is shown in the table below.

Table 30: Revenue Gap/ (Surplus) for Surat Supply Area for FY 2018-19

All figures in Rs. Crore	Actual
Trued-up ARR	2,338.82
Revenue from Sale of Energy	2,279.66
Less: Revenue towards recovery of Earlier Years'	113.62

All figures in Rs. Crore	Actual
approved Gap/(Surplus)	
Balance Revenue	2,166.04
Gap/ (Surplus)	172.78

4.22 The Petitioner requests the Hon'ble Commission to approve the ARR & revenue gap as per the computation provided hereinabove and proposes to recover this gap from the consumers as detailed in Chapter 7.

Chapter 5: ARR for FY 2020-21

Background

- 5.1 While passing the mid term review order dated 24th April, 2019 in Case No. 1765/2018 for the balance control period of FY 2019-20 & FY 2020-21, the Hon'ble Commission has approved the revised ARR for Surat supply area.
- 5.2 The Petitioner has considered the revised approved ARR for FY 2020-21 as per the Hon'ble Commission's order in Case No. 1765/2018 for determination of gap/ (surplus) for FY 2020-21. The ARR for FY 2020-21 is as follows.

Table 31: ARR of Surat Supply Area for FY 2020-21

All Figures in Rs. Crore	FY 2020-21
Power Purchase	1,745.15
O&M expenses	140.94
Interest on loans	32.06
Interest on SD	19.34
Interest on working capital	-
Depreciation	57.87
Bad debts written off	0.39
Contingency reserve	0.40
RoE	97.05
Tax	39.68
Less: Non-tariff income	23.85
ARR	2,109.03

Revenue Gap/ (Surplus) for FY 2020-21

- 5.3 The ARR for FY 2020-21 is Rs. 2,109.03 Crore and the revenue is Rs. 2,247.83 Crore. The revenue includes revenue from sale of power at the existing tariff rates. Accordingly, the gap/(surplus) is estimated for FY 2020-21 as below:

Table 32: Gap/ (Surplus) of Surat Supply Area for FY 2020-21

All Figures in Rs. Crore	
ARR	2,109.03
Less:	
Revenue from sale of power at existing tariff rates including FPPPA revenue @Rs. 1.38 per unit	2,247.83
Revenue from Open Access Charges	-
Gap/ (Surplus)	(138.80)

- 5.4 The Petitioner would like to submit that based on the revised estimates, there will be estimated surplus of Rs. 138.80 Crore.

Chapter 6: Wheeling and Retail supply business for FY 2020-21

- 6.1 Regulation 87 of the GERC MYT Regulations, 2016 stipulates that the ARR be segregated as per the allocation matrix for segregation of expenses between Distribution Wires Business and Retail Supply Business for determination of wheeling charges.
- 6.2 The allocation of expenditure to wheeling and retail supply business is based on the consideration that the distribution infrastructure up to the service line is part of the wheeling business and the distribution infrastructure from service line to consumer premises is part of the retail supply business.
- 6.3 The allocation matrix as specified by the Hon'ble Commission for segregation of expenses between wheeling & retail supply business is as under:-

Table 33: Allocation Matrix for Segregation to Wheeling & Retail Supply for Surat Supply Area

ARR Components	Wires Business (%)	Retail Business (%)
Power Purchase Expenses	0%	100%
Employee Expenses	60%	40%
Administration & General Expenses	50%	50%
Repair & Maintenance Expenses	90%	10%
Depreciation	90%	10%
Interest on Long Term Loan Capital	90%	10%
Interest on Working Capital and Consumer Security Deposit	10%	90%
Bad Debts	0%	100%
Income Tax	90%	10%
Contingency reserves	100%	0%
Return on Equity	90%	10%
Non-Tariff Income	10%	90%

- 6.4 Based on the above allocation matrix, the ARR of Surat Supply Area has been segregated into ARR for wheeling and supply business as shown in tables below.

Table 34: ARR for Wheeling Business of Surat Supply Area for FY 2020-21

All Figures in Rs. Crore	
Power Purchase	-
Employee Expenses	36.04
Administration & General Expenses	19.51
Repair & Maintenance Expenses	37.67
Depreciation	52.08
Interest on Loan	28.85
Interest on Security Deposit	1.93
Interest on Working Capital	-
Bad debts	-
Contingency Reserve	0.40
Income Tax	35.71
Total Revenue Expenditure	212.20
Return on Equity	87.35
Less: Non-Tariff Income	2.39
Aggregate Revenue Requirement	297.16

Table 35: ARR for Retail Supply Business of Surat Supply Area for FY 2020-21

All Figures in Rs. Crore	
Power Purchase	1745.15
Employee Expenses	24.02
Administration & General Expenses	19.51
Repair & Maintenance Expenses	4.19
Depreciation	5.79
Interest on Loan	3.21
Interest on Security Deposit	17.41
Interest on Working Capital	-
Bad debts	0.39
Contingency Reserve	-
Income Tax	3.97
Total Revenue Expenditure	1,823.63
Return on Equity	9.71
Less: Non-Tariff Income	21.47
Aggregate Revenue Requirement	1,811.87

6.5 The above segregated ARR is being considered to determine the wheeling charges and cross-subsidy charge for FY 2020-21.

Chapter 7: Gap/ (Surplus) Analysis

- 7.1 The revenue for FY 2020-21, arrived at considering projected sales and existing tariff, is Rs 2,247.83 Crore. The ARR for Surat Supply Area in FY 2020-21 is Rs. 2,109.03 Crore. Accordingly, the Petitioner has arrived at the surplus of Rs. 138.80 Crore.

Table 36: Revenue Gap/ (Surplus) for determination of tariff of Surat Supply Area for FY 2020-21

All Figures in Rs. Crore	
ARR	2,109.03
Less:	
Revenue from sale of power at existing tariff rates including FPPPA revenue @Rs. 1.38 per unit	2,247.83
Revenue from Open Access Charges	-
Gap/ (Surplus)	(138.80)

- 7.2 As per the GERC (Demand Side Management) Regulations, 2012, the Petitioner 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. 5.70 Crore for Surat supply area. In this regard, the Petitioner has incurred the expense of Rs. 0.14 Crore during FY 2018-19. The Petitioner submits that it has not incurred any expense towards the DELP program during FY 2018-19 as no invoices were received.
- 7.3 The Petitioner submits that there has been an increase in Employee expenses owing to change in law resulting in variation in the employee expenses. The Government of India issued a Notification dated 29th March, 2018, amending the Payment of Gratuity Act, 1972, inter alia increasing ceiling of gratuity to Rs. 20 lakhs from Rs. 10 lakhs. Prior to the amendment of the Payment of Gratuity Act, 1972 vide the Notification dated 29th March 2018; the upper ceiling on gratuity amount payable under the Act was Rs. 10 lakhs. Pursuant to the amendment, the ceiling has been raised to Rs. 20 lakhs. Thus, the employee cost has increased due to the amendment in the Payment of Gratuity Act, 1972. The Petitioner therefore submits that the said notification is a change in law in terms of Regulations 2(15) of the GERC MYT Regulations, 2016 and has resulted in the increase in Employee Cost by Rs. 1.05 Crore for TPL-D (S) and Rs. 5.86 Crore for TPL-G (APP) for FY 2017-18. Accordingly,

the Petitioner requests the Hon'ble Commission to allow the consequential effect on account of change in law as uncontrollable in addition to the trued up ARR of FY 2018-19 of TPL-D (S).

Cumulative Gap/(Surplus)

- 7.4 The Petitioner submits that carrying cost for the unrecovered gap is the legitimate claim of the Petitioner due to deferment in recovery of gap. It is submitted that the Hon'ble Commission should take into consideration that once the cost is allowed, then the Petitioner is not only entitled to that cost but is entitled to carrying cost as its legitimate claim.
- 7.5 The Petitioner has calculated carrying cost for the Gap/ (Surplus) of FY 2018-19 including pending claims which works out to Rs. 35.99 Crore for TPL-D (S) as per the methodology approved/specified by the Hon'ble Commission. The Petitioner, therefore, requests the Hon'ble Commission to consider the aforementioned outstanding amount in addition to the Gap/ (Surplus) of FY 2018-19 & FY 2020-21 for the purpose of determination of tariff for FY 2020-21.
- 7.6 The Petitioner submits that the carrying cost of past periods kept in abeyance by the Hon'ble Commission should be allowed to be recovered as carrying cost charge upon decision of the Hon'ble ATE.
- 7.7 Based on the above, the Petitioner has calculated the cumulative gap/(surplus) of FY 2018-19 and FY 2020-21 including carrying cost for FY 2018-19 for determination of tariff as under:

Table 37: Cumulative Revenue Gap/ (Surplus) for determination of tariff of Surat Supply Area for FY 2020-21

All Figures in Rs. Crore	
Gap/ (Surplus) of FY 2018-19	172.78
Carrying Cost	35.99
DSM	0.14
Impact of Change in Law pertaining to FY 2017-18	1.88
Gap/ (Surplus) of FY 2020-21	(138.80)
Cumulative Gap/ (Surplus) to be recovered through tariff	71.99

- 7.8 The Petitioner proposes to recover the cumulative gap of Rs. 71.99 Crore, with effect from 1st April, 2020, by way of tariff revision of Rs. 0.21 per unit during FY 2020-21.
- 7.9 It may kindly be noted that the Petitioner's tariff was last increased in the year 2015-16. Since then, despite the overall inflationary pressures, the Petitioner has been managing its costs largely through operational efficiencies. The approval of tariff revision is essential so as to liquidate under recoveries and enable the Petitioner to maintain and further improve its high standards of quality, reliability and customer services.

Chapter 8: Tariff Proposal for FY 2020-21

Background

- 8.1 The Petitioner has computed the cumulative gap/ (surplus) for FY 2018-19, FY 2020-21 and carrying cost as detailed in the earlier chapters.
- 8.2 The Petitioner proposes to:
- A. Recover the accumulated gap/ (surplus) during FY 2020-21 by way of tariff revision
 - B. Rationalize the tariff structure

Tariff Philosophy

- 8.3 The Petitioner submits that the Hon'ble Commission has approved the existing tariff structure based on widely recognized best practices in accordance with the legal framework and the principles as detailed hereunder:
- A. Consumers' capacity to pay
 - B. Principles of cross subsidy prescribed by Tariff Policy
 - C. Incentivising energy conservation
 - D. Demand Side Management
 - E. Promotion of efficient use of electricity
- 8.4 In addition to the above, the Petitioner submits that the existing fixed charges are not depictive of the fixed costs. The majority of the fixed cost is being recovered through Energy Charges. In order to address this anomaly, the Petitioner proposes to increase the fixed/demand charges in a phased manner.

Determination of Retail Tariff

- 8.5 The Petitioner submits that cumulative gap is arising on account of past years' under-recovery. The Petitioner proposes to recover the cumulative gap of Rs. 71.99 Crore, with effect from 1st April, 2020, by way of tariff revision of Rs. 0.21 per unit during FY 2020-21.

- 8.6 The Petitioner has proposed marginal increase in fixed/demand charges as part of tariff rationalisation during FY 2020-21 including introduction of a new category for HT-METRO Traction giving due consideration to its purpose and usage in accordance with the Electricity Act, 2003. Further, the Petitioner has proposed to streamline the reactive energy charges of LTMD category. The Tariff schedule for Surat supply area is attached as **Annexure 1**.
- 8.7 The Petitioner would like to clarify that any variation in recovery of the said gap shall be dealt with during Truing up exercise for FY 2020-21.
- 8.8 It may kindly be noted that the Petitioner's tariff was last increased in the year 2015-16. Since then, despite the overall inflationary pressures, the Petitioner has been managing its costs largely through operational efficiencies. The approval of tariff revision is essential so as to liquidate under recoveries and enable the Petitioner to maintain and further improve its high standards of quality, reliability and customer services.

Determination of Wheeling Charges

- 8.9 The GERC MYT Regulations, 2016 stipulate that the wheeling charges shall be determined based on the ARR allocated to the wheeling business.
- 8.10 The Petitioner, in this petition, has computed the wheeling tariff based on the allocation of ARR of distribution business, in accordance with the GERC MYT Regulations, 2016.
- 8.11 Distribution wires are identified as carrier of electricity from generating station or transmission network to consumer point. The consumption at a particular voltage level requires network at that voltage level and also at all higher voltage levels. Thus, consumption at the lower voltages should contribute to the cost of the higher voltage levels also. However, the consumers connected to the higher voltages would not be utilizing the services of the lower voltage level and hence would not be required to contribute to the recovery of cost of lower voltage level.
- 8.12 Based on the approach discussed above, the ARR for the wheeling business is apportioned to the HT and LT voltage in two steps as described below:
- a) Apportioning the ARR of wheeling business to HT and LT voltage level based on ratio of GFA;

- b) Apportioning the ARR of the HT voltage level again between HT and LT voltage level based on respective contributions in the system peak demand.
- 8.13 The ARR is apportioned between the HT and LT Voltage level in proportion to the ratio of the Closing GFA of FY 2018-19.
- 8.14 The GFA (excluding assets related to retail supply i.e. SLC and Meters) for Surat Supply Area as on 31st March, 2019 is Rs 1,523.30 Crore. In case of Surat Supply Area, the GFA identified for HT & LT business are Rs. 1,174.05 Crore & Rs. 349.24 Crore, respectively. The ratio of HT assets to LT assets is 77:23, which is considered for the apportionment of ARR for the wheeling business into HT and LT businesses.
- 8.15 Further, as the HT level assets cater to the requirement of customers at both HT and LT levels, the ARR for HT is again apportioned between HT and LT voltage based on their ratio of contribution to the peak.
- 8.16 The system peak demand for Surat Supply Area for the year FY 2018-19 was 687.10MW. In case of Surat Supply Area, the contract demand for all the HT consumers is about 112.24 MW. Assuming that 85% of the contact demand of HT consumers (i.e. 95.40 MW) contributes to the system peak demand, the total demand of LT contributing to the system peak is computed as 591.70 MW.
- 8.17 To determine the wheeling charges for the HT & LT voltage levels, the ARR of the respective voltage level is divided by the sales handled at the respective voltage level. Accordingly, the wheeling charge determined in terms of Rs/ kWh has been tabulated below:

Table 38: Wheeling charges of Surat Supply Area for FY 2020-21

Particulars	
First Level Segregation of ARR (in Rs. Crore)	
HT Voltage	229.03
LT Voltage	68.13
Total	297.16
Second Level Segregation of ARR (in Rs. Crore)	
HT Voltage	31.80
LT Voltage	265.36
Total	297.16
Wheeling Charge in Rs/ kWh	
HT Voltage	0.87
LT Voltage	0.85

8.18 The Petitioner further states that an open access consumer will also have to bear the following wheeling losses in addition to the wheeling charges.

Table 39: Wheeling Losses in kind of Surat Supply Area for FY 2020-21

Category	In %
HT Category	3.50%
LT Category	4.50%

Determination of Cross-Subsidy Surcharge

8.19 As per the principles enunciated in the amendment in the National Tariff Policy, the cross subsidy surcharge is to be computed based on Pooled Power Purchase cost. Further, the principles laid out in the Tariff Policy amply clarify to compensate the distribution licensee for the existing level of cross-subsidization.

8.20 In this background, the Petitioner has detailed the computation of Cross Subsidy surcharge in the following table:

Table 40: Cross-subsidy surcharge for Surat Supply Area

Particulars	HTMD-1	HTMD-2	HT-Metro
T – Tariff for HT category in Rs/kWh	7.04	7.38	6.30
PPC – Average cost of power Purchase in Rs/kWh	4.94	4.94	4.94
L – Loss for HT category in %	3.50%	3.50%	3.50%
Avg W – Average Wheeling charges for HT category in Rs / kWh	0.87	0.87	0.87
Cross subsidy Surcharge in Rs/kWh	1.23	1.48	0.50

Determination of Additional Surcharges

8.21 As per the Regulation 25 of GERC (Terms & Conditions of Intra-State Open Access) Regulations, 2011, the OA consumer will also be required to pay an additional surcharge as per section 42 (4) of the EA 2003.

Chapter 9: Compliance of Directives

9.1 The Hon'ble Commission has issued directives to the Petitioner in its order dated 24th April, 2019 in Case No. 1765/2018. In this regard, TPL- D has already submitted the compliances to the Hon'ble Commission.

9.2 The status on compliance of the directives issued by the Hon'ble Commission is reproduced as under.

9.3 EARLIER DIRECTIVES

1) 'Demand Response' measures and Action Plan:

The Hon'ble Commission has directed the Petitioner to expedite the appointment of Consultant and submit the Action Plan at the earliest. In this regard, the Petitioner has already submitted the detailed report to the Hon'ble Commission.

9.4 FRESH DIRECTIVES

1) Power Purchase Strategy (Planning):

The Hon'ble Commission directed the Petitioner to submit a quarterly note, detailing the approach taken for quarterly Power Purchase. In this regard, the Petitioner is submitting its note on power purchase strategy on quarterly basis.

2) Details of Capital Expenditure and Capitalization:

The Hon'ble Commission has directed the Petitioner to submit a quarterly report of actual Capex for EHV scheme. In this regard, the Petitioner is submitting its report on actual capital expenditure incurred for each EHV scheme on quarterly basis.

Chapter 10: Prayers

10.1 The Petitioner is filing the present petition for Truing up of FY 2018-19 and determination of tariff for FY 2020-21 for its Distribution business of Surat Supply area.

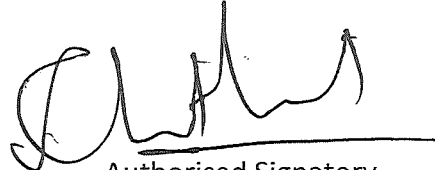
10.2 In view of the facts and circumstances, the Petitioner prays to the Hon'ble Commission that it may be pleased to:

- a) Admit the petition for truing up of FY 2018-19 and determination of tariff for FY 2020-21.
- b) Approve the trued up Gap/ (Surplus) of FY 2018-19.
- c) Approve the sharing of gains/ losses as proposed by the Petitioner for FY 2018-19.
- d) Approve the cumulative Gap/ (Surplus).
- e) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2020.
- f) Allow recovery on account of change in law and delayed payment charges as set out in the present Petition.
- g) Approve the recovery through retail tariff as prayed for.
- h) Allow recovery of the costs as per the Judgments of the Hon'ble Tribunal in the Appeals filed by the Petitioner.
- i) Allow additions/ alterations/ changes/ modifications to the petition at a future date.
- j) Permit the Petitioner to file all necessary pleading and documents in the proceeding and documents from time to time for effective consideration of the proceeding.
- k) Allow any other relief, order or direction which the Hon'ble Commission deems fit to be issued.
- l) Condone any inadvertent omissions/ errors/ rounding off difference/ shortcomings.

Declaration that the subject matter of above petition has not been raised by the Petitioner before any other competent forum, and that no other competent forum is currently seized of the matter or has passed any orders in relation thereto.

Place: Ahmedabad

Date: November 27th, 2019



Authorized Signatory

**BEFORE THE HON'BLE GUJARAT ELECTRICITY REGULATORY
COMMISSION AT GANDHINAGAR**

Filing No. _____

Case No. _____

IN THE MATTER OF

Filing of Petition under Section 62 and 64 of the Electricity Act, 2003 read with all the applicable Regulations, under the GERC (Multi Year Tariff) Regulations, 2016 for Truing up of FY 2018-19 and Determination of tariff for FY 2020-21 for its Distribution business of Surat Supply Area.

AND

IN THE MATTER OF

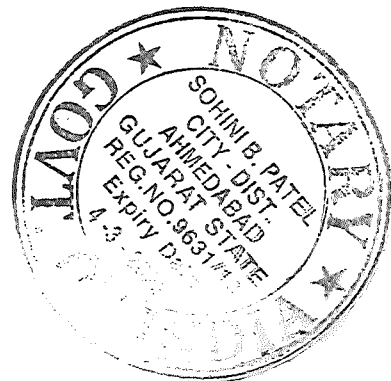
Torrent Power Limited
"Samanvay", 600, Tapovan, Ambawadi,
Ahmedabad – 380 015

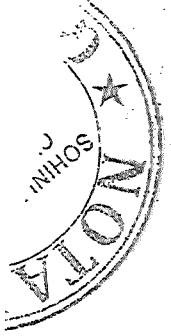
.....**PETITIONER**

AFFIDAVIT

I, Chetan Bundela, son of Shri Manharlal Bundela, aged about 47 years, working as Vice President of Torrent Power Limited, the Petitioner, having office at "Samanvay", 600, Tapovan, Ambawadi, Ahmedabad – 380 015 do solemnly affirm and state on oath as under :

1. That I am duly authorized by the Petitioner Company to swear this Affidavit.



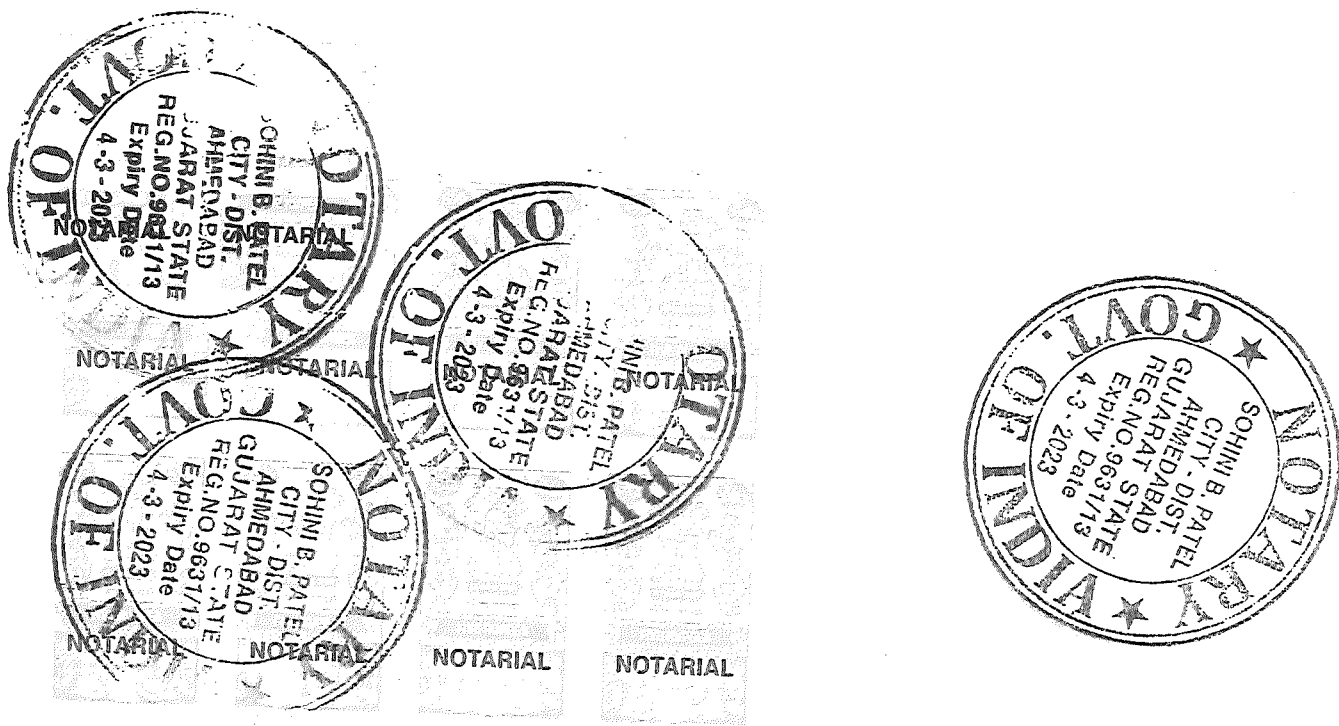


2. That the facts stated in the Petition are based on record and files of the Petitioner Company and they are true and correct to my knowledge, information and belief and I believe the same to be true.

Solemnly affirmed at Ahmedabad on this 27th day of November, 2019

[Handwritten Signature]

(DEPONENT)



Sr. No. : 2601/206 2019

[Handwritten Signature]
 SOHINI B. PATEL
 NOTARY
 GOVT. OF INDIA
 27/11/2019

SOLEMNLY AFFIRMED
 BEFORE ME

[Handwritten Signature]
 SOHINI B. PATEL
 NOTARY
 GOVT. OF INDIA
 27/11/2019

Annexure-1: Proposed Tariff Schedule

FOR SURAT SUPPLY AREA OF TORRENT POWER LIMITED

TARIFF FOR DISTRIBUTION AND SUPPLY OF ELECTRICITY AT LOW TENSION,

HIGH TENSION AND EXTRA HIGH TENSION

EFFECTIVE FROM: 1st April, 2020

GENERAL CONDITIONS

1. This tariff schedule is applicable to all the consumers of TPL in Surat area.
2. All these tariffs for power supply are applicable to only one point of supply.
3. 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.
4. The charges specified in the tariff are on monthly basis, TPL may decide the period of billing and adjust the rates accordingly.
5. The various provisions of the GERC (Licensee's power to recover expenditure incurred in providing supply and other miscellaneous charges) Regulations, 2005, except Meter Charges, will continue to apply.
6. 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.
7. The billing of fixed charges based on contracted load or maximum demand shall be done in multiples of 0.5 (one half) Horse Power, kilo -Watt, kilo- Volt -Ampere (HP, kW, kVA), 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 1.0 (one) kilo-watt-hour (kWh) or kilo-volt-ampere-hour (kVAh) or kilo-volt-ampere-reactive hour (kVARh), as the case may be.
8. Contract Demand shall mean the maximum kW or kVA for the supply of which TPL undertakes to provide facilities to the consumer from time to time.

9. Maximum Demand in a month means the highest value of average kVA or kW as the case may be, delivered at the point of supply of the consumer during any consecutive 15/30 minutes in the said month.
10. TPL may install KWh and kVArh meter for ascertaining power factor, reactive units and KWh units.
11. 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.
12. The fixed charges, minimum charges, demand charges and the slabs of consumption of energy for energy charges mentioned shall not be subject to any adjustment on account of existence of any broken period within billing period arising from consumer supply being connected or disconnected any time within the duration of billing period for any reason.
13. TOU charges wherever applicable unless otherwise notified shall be levied for the energy consumption during the period between 07.00 hours and 11.00 hours; and between 18.00 hours and 22.00 hours, termed as PEAK HOURS. Night hours concession wherever applicable will be given for the energy consumption during the period between 22.00 hours and 06.00 hours next day, termed as "OFF PEAK HOURS".
14. Fuel Price and Power Purchase Adjustment (FPPPA) charges shall be applicable in accordance with the formula approved by the Gujarat Electricity Regulatory Commission from time to time in addition to base FPPPA of Rs 1.38 per unit.
15. Delayed Payment Charges
 - a. No delayed payment charges will be levied if the bill is paid as per the clause 6.52 of GERC (Supply Code) 2015.
 - b. Delayed payment charges, if the bill is paid after due date, will be levied at the rate of 15% per annum (computed on daily basis) on the outstanding bill from the due date till the date of payment.
16. Statutory Levies: These tariffs are exclusive of Electricity Duty, Tax on Sales of Electricity, Taxes and other Charges levied/may be levied or such other taxes as may be levied by the Government or other Competent Authorities on bulk/retail supplies from time to time.

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

PART- I
RATE SCHEDULE – LOW/ MEDIUM TENSION
230/400 VOLTS

1. RATE: RGP

This tariff is applicable for supply of electricity to Residential premises

Single phase supply – Aggregate load up to 6 kW

Three phase supply - Aggregate load above 6 kW

1.1. FIXED CHARGES

For other than BPL consumers

(a)	Single Phase Supply	Rs. 35 per installation per month
(b)	Three Phase Supply upto 15 kW	Rs. 75 per installation per month
(c)	Three Phase Supply above 15 kW	Rs. 10 per kW per month

For BPL household consumers*

(a)	Fixed charges	Rs. 5 per installation per month
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PLUS

1.2. ENERGY CHARGES

For other than BPL consumers

(i)	First 50 units during the month	335 Paise/Unit
(ii)	Next 50 units during the month	380 Paise/Unit
(iii)	Next 150 units during the month	440 Paise/Unit
(iv)	Above 250 units during the month	520 Paise/unit

For BPL household consumers*

(i)	First 30 units consumed per month	150 Paise/Unit
(ii)	For remaining units consumed per month	Rate as per Residential

**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 office of the Distribution Licensee. The concessional tariff is only for 30 units per month.*

2. RATE: GLP

This tariff will be applicable for use of energy for lights, fans, heating, general load and motive power in premises:

- i. Crematoriums and Government and Municipal Hospitals.
- ii. Charitable Institutions like hospital, dispensary, educational and Research Institute and Hostel attached to such Institution, religious premises exclusively used for worship or community prayers, registered with Charity Commissioner and specifically exempted from levy of general tax under section 2 (13) of Bombay Trust Act, 1950, read with Section 9 of the Income Tax Act, 1961.
- iii. Public Street lights, gardens and conveniences.
- iv. Water works and sewerage pumping services operated by Municipal Corporations.

Note: Halls or gardens or any portion of the above premises let out for consideration or used for commercial activities at any time shall be charged at Non-RGP tariff.

Single-phase supply- Aggregate load up to 6kW

Three-phase supply- Aggregate load above 6kW

2.1. FIXED CHARGES

Single Phase Supply	Rs. 55 per installation per month
Three Phase Supply	Rs. 100 per installation per month

PLUS

2.2. ENERGY CHARGES

Energy Charges	420 Paise/Unit
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3. RATE: NON-RGP

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

3.1. FIXED CHARGES

(a)	First 10 kW	Rs. 80 per kW per month
(b)	Next 5 kW	Rs. 95 per kW per month

PLUS

3.2. ENERGY CHARGES

For installations having connected load up to 10 kW	450 Paise/Unit
For installations having connected load above 10 kW and up to 15 kW	470 Paise/Unit

4. RATE: LTMD

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

This tariff shall also be applicable to consumer covered in category- 'Rate: Non-RGP' so opts to be charged in place of 'Rate: Non-RGP' tariff.

4.1. DEMAND CHARGES

(a)	Up to 20 kVA of Billing Demand	Rs. 120 per kVA/month
(b)	Above 20 kVA and up to 60 kVA Billing Demand	Rs. 160 per kVA/month
(c)	Above 60 kVA of Billing Demand	Rs. 240 per kVA/month
(d)	In Excess of Contract Demand	Rs. 300 per kVA/month

NOTE: Billing Demand during the month shall be highest of the following:

- i. Maximum Demand recorded during the month
- ii. 85% of the Contract Demand
- iii. 6 kVA

PLUS

4.2. ENERGY CHARGES

Energy Charges	500 Paise/unit
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PLUS

4.3. POWER FACTOR ADJUSTMENT CHARGE

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

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

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

For each 1% decrease in the Power Factor below 90%	Penalty of 4.00 Paise per Unit
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5. RATE: TMP

Applicable to installations for temporary requirement of electricity supply

5.1. FIXED CHARGES

Fixed Charge per Installation	Rs. 25 per kW per Day
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5.2. ENERGY CHARGES

A flat rate of	515 Paise per Unit
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6. RATE: AGP

This tariff is applicable to motive power services used for irrigation purposes. The rates for following group are as under

6.1. FIXED CHARGES

Minimum Charge per BHP of Connected Load	Rs. 20 per HP per Month
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PLUS

6.2. ENERGY CHARGES

A flat rate of	75 Paise/Unit
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NOTE:

- i. The agricultural consumers shall be permitted to utilize one bulb or CFL up to 40 watts in the pump house without recovering any charges. Any further extension or addition of load will amount to unauthorized extension.
- ii. No machinery other than pump for irrigation will be permitted under this tariff.

7. RATE: LT – Electric Vehicle (EV) Charging Stations

This tariff is applicable to consumers who use electricity EXCLUSIVELY for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. RGP, NRGP, LTMD etc.

7.1. FIXED CHARGE

Rs. 25 per month per installation

7.2. ENERGY CHARGE

Energy Charge	425 Paise per Unit
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PART- II

RATE SCHEDULE FOR SERVICE AT HIGH TENSION

1. RATE: HTMD - 1

This tariff shall be applicable for supply of energy to consumers at 11 KV and above for contracting the demand of 100 KVA and above for purposes other than pumping stations run by Local Authorities.

1.1. DEMAND CHARGES

A. For Billing Demand up to Contract Demand

(a)	First 500 KVA of billing demand	Rs. 180 Per KVA
(b)	Above 500 KVA	Rs. 300 Per KVA

B. For Billing Demand in excess over Contract Demand

For Billing Demand in excess over Contract Demand	Rs. 415 Per KVA
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NOTE: BILLING DEMAND: Billing demand shall be the highest of the following

- i. Actual Maximum Demand established during the month
- ii. 85% of the Contract Demand, and
- iii. 100 KVA

PLUS

1.2. ENERGY CHARGES

(a)	First 400 units per kVA billing demand per month	495 Paise/unit
(b)	Remaining units consumed per month	485 Paise/unit

PLUS

1.3. TIME OF USE (TOU) CHARGE

For energy Consumption during the two peak periods, Viz., 0700 Hrs. to 1100 Hrs. and 1800 Hrs. to 2200 Hrs.-	
For Billing Demand up to 500 KVA	65 Paise per unit
For Billing Demand above 500 KVA	100 Paise per unit

PLUS

1.4. POWER FACTOR ADJUSTMENT CHARGE

a) Power Factor Adjustment Charges: -

- The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges” arrived at using tariff as per para 1.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 1.2 of this schedule, will be charged.

b) Power Factor Adjustment Rebate: -

- If the average 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 1% in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 1.2 of this schedule, for every 1% rise or part thereof in the average power factor during the month above 95%.

1.5. NIGHT TIME CONCESSION:

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) shall be eligible for concession of 30 Paise per KWH. The meter and time switch shall be procured and installed by consumer at his cost, if required by TPL-Surat. In such case, TPL-Surat will seal the metering equipment.

PLUS

1.6. REBATE FOR SUPPLY AT EHV

Sr. No.	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%

2. RATE: HTMD – 2

This tariff shall be applicable for supply of energy at 11 kV and above and contracting for demand of 100 kVA and above for Water Works and Pumping Stations run by local authorities.

2.1. DEMAND CHARGES

For Billing Demand up to Contract Demand

(A)	First 500 kVA of Billing Demand	Rs. 145 per kVA per month
(B)	Above 500 kVA of Billing Demand	Rs. 235 per kVA per month

For Billing Demand in excess of contract Demand

For billing demand in excess over contract demand	Rs. 375 per kVA per month
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NOTE: **BILLING DEMAND:** Billing Demand shall be the highest of the following:

- i. Actual maximum demand established during the month
- ii. 85% of the Contract Demand, and
- iii. 100 KVA

PLUS

2.2. ENERGY CHARGES

(i)	For first 400 units per KVA billing demand per month	490 Paise/unit
(ii)	Remaining units consumed per month	485 Paise/unit

PLUS

2.3. TIME OF USE (TOU) CHARGES

For the Energy Consumption during the two peak periods, viz. 0700 Hrs. to 1100 Hrs. & 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 500 kVA	45 Paise per unit
(b) For Billing Demand above 500 kVA	80 Paise per unit

PLUS

2.4. POWER FACTOR ADJUSTMENT CHARGE

a) Power Factor Adjustment Charges: -

- The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges" arrived at using tariff as per para 2.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below

90% up to 85%.

- In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 2.2 of this schedule will be charged.

b) Power Factor Adjustment Rebate: -

- If the average 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 1% in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 2.2 of this schedule for every 1% rise or part thereof in the average power factor during the month above 95%.

2.5. NIGHT TIME CONCESSION:

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) shall be eligible for concession of 30 Paise per KWH. The meter and time switch shall be procured and installed by consumer at his cost, if required by TPL-Surat. In such case, TPL-Surat will seal the metering equipment.

PLUS

2.6. REBATE FOR SUPPLY AT EHV

Sr. No.	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%

3. RATE: HTMD - 3

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.

3.1. FIXED CHARGES

For billing demand up to contract demand	Rs. 25/- per kVA per day
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For billing demand in excess of contract demand	Rs. 35/- per kVA per day
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NOTE: **BILLING DEMAND:** Billing Demand shall be the highest of the following:

- i. Actual maximum demand established during the month
- ii. 85% of the Contract Demand, and
- iii. 100 KVA

PLUS

3.2. ENERGY CHARGE

For all units consumed during the month	710 Paise/unit
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PLUS

3.3. TIME OF USE (TOU) CHARGE

For the Energy Consumption during the two peak periods, viz. 0700 Hrs. to 1100 Hrs. & 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 500 kVA	45 Paise per unit
(b) For Billing Demand above 500 kVA	80 Paise per unit

PLUS

3.4. POWER FACTOR ADJUSTMENT CHARGE

a) Power Factor Adjustment Charges: -

- The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head "Energy Charges" arrived at using tariff as per para 3.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 3.2 of this schedule will be charged.

b) Power Factor Adjustment Rebate: -

- If the average 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 1% in excess of 95% power factor on the total amount of electricity bill for that month under the head "Energy Charges", arrived at using tariff as per para 3.2 of this schedule for every 1% rise or part thereof in the average power factor during the month above 95%.

4. RATE: HTMD – METRO TRACTION

Applicable for supply of energy to Metro traction, contracting for maximum demand of 100 kVA and above.

4.1. FIXED CHARGE

A. For Billing Demand up to and including Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 350 Per kVA
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B. For Billing Demand in excess of Contract Demand

Fixed Charge per kW of Billing Demand per month	Rs. 400 Per kVA
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NOTE: The Billing Demand will be taken as under:

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

Whichever is the highest.

PLUS

4.2. ENERGY CHARGE

A Flat Rate of	345 Paise per unit
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PLUS

4.3. TIME OF USE (TOU) CHARGE

For the Energy Consumption during the two peak periods, viz. 0700 Hrs. to 1100 Hrs. & 1800 Hrs. to 2200 Hrs.	
(a) For Billing Demand up to 500 kVA	45 Paise per unit
(b) For Billing Demand above 500 kVA	80 Paise per unit

4.4. NIGHT TIME CONCESSION

The energy consumed during night hours between 22.00 hours and 06.00 hours next day (recorded by the tariff meter operated through time switch or built in feature of time segments, if incorporated) shall be eligible for concession of 30 Paise per KWH. The meter and time switch shall be procured and installed by consumer at his cost, if required, by TPL-Surat. In such case, TPL-Surat will seal the metering equipment.

PLUS

4.5. POWER FACTOR ADJUSTMENT CHARGE

a) Power Factor Adjustment Charges: -

- The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges” arrived at using tariff as per para 2.2 of this schedule, for every 1% drop or part thereof in the average power factor during the month below 90% up to 85%.
- In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 2.2 of this schedule will be charged.

b) Power Factor Adjustment Rebate: -

- If the average 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 1% in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 2.2 of this schedule for every 1% rise or part thereof in the average power factor during the month above 95%.

5. RATE: NTCT (NIGHT TIME CONCESSIONAL TARIFF)

This is night time concessional tariff for consumers for regular power supply who opt to use electricity EXCLUSIVELY during night hours between 22.00 hours and 06.00 hours next day. The consumer shall provide the switching arrangement as shall be acceptable to TPL Surat to regulate supply hours.

5.1. FIXED CHARGE

Fixed Charges	30% of the Demand Charges under relevant Tariff Category
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5.2. ENERGY CHARGE

A flat rate of	355 Paise per unit
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5.3. POWER FACTOR ADJUSTMENT CHARGE

a) Power Factor Adjustment Charges: -

- The power factor adjustment charges shall be levied at the rate of 1% on the total amount of electricity bills for the month under the head “Energy Charges” arrived at using tariff as per para 5.2 of this schedule for every 1%

drop or part thereof in the average power factor during the month below 90% up to 85 %.

- In addition to the above clause, for every 1% drop or part thereof in average power factor during the month below 85% at the rate of 2% on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 5.2 of this schedule will be charged.

b) Power Factor Adjustment Rebate: -

- If the average 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 1% in excess of 95% power factor on the total amount of electricity bill for that month under the head “Energy Charges”, arrived at using tariff as per para 5.2 of this schedule for every 1% rise or part thereof in the average power factor during the month above 95%.

NOTE:

1. 15% of the contracted demand can be availed beyond the night hours prescribed as per para 5.0 above.
2. 10% of total units consumed during the billing period can be availed beyond the night hours prescribed as per 5.0 above.
3. In case the consumer failed to observe condition no.1 above during any of the billing month, then the demand charge during the relevant billing month shall be billed as per HTMD category demand charge rates given in para 1.1 of this schedule.
4. In case the consumer failed to observe condition no.2 above during any of the billing month, then the entire energy consumption during the relevant billing month shall be billed as per HTMD category energy charge rates given in para 1.2 of this schedule.
5. In case the consumer failed to observe above condition no.1 and 2 both during any of the billing month, then the demand charge and entire energy consumption during the relevant billing month shall be billed as per HTMD category demand charge and energy charge rates given in para1.1 and 1.2 respectively, of this schedule.
6. This tariff shall be applicable if the consumer so opts to be charged in place of HTMD tariff by using electricity exclusively during night hours as above.
7. The option can be exercised to shift from regular HTMD tariff category to Rate: NTCT or from Rate: NTCT to regular HTMD tariff four times in a calendar year by giving not less than 15 days’ advance notice in writing before commencement of billing period.

6. RATE: HT – Electric Vehicle (EV) Charging Stations

This tariff is applicable to consumers who use electricity EXCLUSIVELY for electric vehicle charging installations.

Other consumers can use their regular electricity supply for charging electric vehicle under same regular category i.e. HTMD-1, HTMD-2, HTMD-3, HT-Metro & NTCT

6.1. DEMAND CHARGE

For Billing Demand up to Contract Demand	Rs. 25 per kVA per month
For Billing Demand in excess of Contract Demand	Rs. 50 per kVA per month

6.2. ENERGY CHARGE

Energy Charge	415 Paise per Unit
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Annexure 2:
Tariff Filing Forms – Distribution