

Summary

Petition Filed by TPL before Hon'ble GERC vide Case No. 1846 /2019

Torrent Power Limited – Dahej Supply Area

Background

- 1.1 As per the provisions of the GERC MYT Regulations, 2016, TPL has filed 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 2018-19 and
 - c) Determination of tariff for FY 2020-21

True Up for FY 2018-19

- 1.2 The Hon'ble Commission had approved the ARR for FY 2018-19 for TPL-D (D) as per the MYT order in Case No. 1629 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.
- 1.3 TPL, for the purpose of truing up in accordance with the GERC MYT Regulations, 2016, has submitted this petition on the basis of the Hon'ble Commission's MYT order in Case No. 1629 of 2016 dated 9th June, 2017.
- 1.4 TPL has considered the following parameters for truing up of ARR:
- a) Variation in power purchase cost due to variation in power purchase mix, quantity and price.
 - b) Variation in fixed cost such as O&M expense, interest expenses, Depreciation, Return on Equity, Income Tax and Non-Tariff Income.
 - c) Sharing of gains/ losses considering controllable & uncontrollable factors.
- 1.5 The energy requirement is based on the actual sales and the actual T&D losses for FY 2018-19. The sales for Dahej Supply Area was 426.15 MU. The actual distribution loss achieved for FY 2018-19 was 0.35%. TPL-D (D) has outperformed the distribution loss target specified by the Hon'ble Commission as per the MYT Order in Case No. 1629 of 2016 dated 9th June, 2017.

- 1.6 The ARR has been arrived at by considering the actual expenses vis-à-vis approved expenses as per the MYT Order in Case No. 1629 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. There is a reduction in distribution loss for Dahej supply area as compared to the approved distribution loss level. The O&M expenses are higher for Dahej supply area as compared to the approved figure in the MYT Order in Case No. 1629 of 2016 dated 9th June, 2017.
- 1.7 The other fixed cost items of Dahej Supply Area, such as, Interest expense, Depreciation, Return on Equity, Income Tax and Non-Tariff Income is trued-up based on the classification of controllable/un-controllable factors for each item head. Accordingly, the sharing of gains/losses has been arrived at and the final trued-up ARR is worked out. The trued-up ARR thus worked out is shown in the table below.

Table 1: True-Up of ARR of Dahej Supply Area for FY 2018-19

All figures in Rs. Crore		
ARR as per MYT order	(a)	161.53
Gains/ (Losses) due to Uncontrollable Factors	(b)	(56.74)
Gains/ (Losses) due to Controllable Factors	(c)	-
Pass through as Tariff	$d = -(b + 1/3^{\text{rd}} \text{ of } c)$	56.74
Trued Up ARR	$e = a + d$	218.28

- 1.8 TPL would like to state that the treatment of revenue towards recovery of earlier years' approved Gap/ (Surplus) works out to a surplus of Rs. 1.70 Crore as per the Hon'ble Commission's orders dated 31st March, 2016, 4th April, 2018 and 19th June, 2019 for TPL including the corresponding impact for subsequent periods.
- 1.9 TPL 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 2016-17 and FY 2017-18 were considered in the tariff determination process but inadvertently given an erroneous treatment contrary to the applicable Regulations. Therefore, TPL has humbly requested the Hon'ble Commission to allow the correct treatment of Rs. 0.012 Crore in the earlier years' gap, in accordance with the Statutory Regulations as applicable.
- 1.10 Based on the above, the gap/ (surplus) for FY 2018-19 arrived at by equating the trued-up ARR with the revenue from sale of power after adjusting against earlier years' trued-up gap/ (surplus) is shown in the table below.

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

All figures in Rs. Crore	Actual
Trued-up ARR	218.28
Revenue from Sale of Energy	192.50
Less: Revenue towards recovery of Earlier Years' approved Gap/ (Surplus)	(1.70)
Balance Revenue	194.19
Gap/ (Surplus)	24.08

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

ARR of FY 2020-21

1.12 The Hon'ble Commission has approved the ARR of FY 2020-21 vide its order dated 17th July, 2019 in Case No. 1766/2018. Accordingly, TPL has considered the ARR of FY 2020-21 as shown in the following table.

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

All Figures in Rs. Crore	FY 2020-21
Power Purchase	177.89
O&M expenses	7.03
Interest on loans	5.21
Interest on SD	2.32
Interest on working capital	-
Depreciation	6.19
Bad debts written off	-
Contingency reserve	0.89
RoE	6.42
Tax	-
Less: Non-tariff income	4.54
ARR	201.42

Gap/ (Surplus) Analysis for FY 2020-21

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

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

All figures in Rs. Crore	
ARR	201.42
Less:	
Revenue from sale of power at existing tariff rates	183.44
Gap/ (Surplus)	17.97

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

- 1.14 TPL has calculated the carrying cost for the Gap/ (Surplus) of FY 2018-19 including pending claims which works out to Rs. 7.59 Crore as per the methodology approved/specified by the Hon'ble Commission. TPL, therefore, has requested 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.
- 1.15 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 Dahej Supply Area for FY 2020-21

All figures in Rs. Crore	
Gap/ (Surplus) of FY 2018-19	24.08
Carrying Cost	7.59
Gap/ (Surplus) of FY 2020-21	17.97
Cumulative Gap/ (Surplus)	49.65

- 1.16 TPL has proposed to recover part of the cumulative gap of Rs. 43.70 Crore (consisting of the aforementioned cumulative gap of Rs. 49.65 Crore and Carrying cost of Rs. (5.95) Crore related to truing-up of FY 15-16) with effect from 1st April, 2020, by way of tariff revision of Rs. 0.59 per unit during FY 2020-21.

- 1.17 For the recovery of balance cumulative gap, TPL has proposed Regulatory Charge at the rate of Rs. 0.30 per unit w.e.f. 1st April, 2020.
- 1.18 TPL has also proposed tariff restructuring during FY 2020-21.
- 1.19 The proposed changes in tariff schedule is summarized at **Annexure-1**.

Prayers

- 1.20 TPL has filed the present petition for Truing up of FY 2018-19 and determination of tariff for FY 2020-21 for its Distribution business of Dahej Supply area.
- 1.21 In view of the facts and circumstances, TPL has prayed 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 TPL 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 of delayed payment charges as set out in the present Petition.
 - g) Approve the recovery through retail tariff and/or Regulatory Charge as prayed for.
 - h) Allow recovery of the costs as per the Judgments of the Hon'ble Tribunal in the Appeals filed by TPL.
 - i) Allow additions/ alterations/ changes/ modifications to the petition at a future date.
 - j) Permit TPL 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.

Proposed Tariff for Dahej Licence Area

Sr. No.	Category	Fixed Charge
1.	<p>RGP Applicable to all services in Residential premises;</p> <p>i. Single-phase supply: Aggregate load up to 6 kW</p> <p>ii. Three-phase supply: Aggregate load above 6 kW</p>	Rs. 10 per KW per month
2.	<p>Non-RGP Applicable to the services which are not covered in any other tariff categories and having aggregate load upto and including 15 kW</p>	<p>For Connected Load upto and including 15 kW Rs. 60 per kW per month</p> <p>Minimum bill per installation for Seasonal Consumers The total minimum amount under the head "Fixed and Energy Charges" payable by the seasonal consumer shall be Rs. 2160/- per annum per kW of the contracted load.</p>
3.	<p>LTMD Applicable to the services for the premises those are not covered in any other tariff categories and having aggregate load above 15 kW and up to 100 kW. Also applicable to consumer covered in category- 'Rate: Non-RGP' so opts to be charged in place of 'Rate: Non-RGP' tariff.</p>	<p>Billing Demand upto Contract Demand</p> <p>First 40 kW Rs. 120 per kW per month</p> <p>Next 20 kW Rs. 160 per kW per month</p> <p>Above 60 kW Rs. 225 per kW per month</p> <p>In excess of Contract Demand Rs. 300 per kW per month</p> <p>Seasonal Consumers taking LTMD Supply: The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer shall be Rs. 3300/- per annum per kW of the billing demand.</p>
4.	<p>HTP-I (Applicable for supply of electricity to HT consumers contracted for 100 kVA and above for regular power supply and requiring the power supply for the purposes not specified</p>	<p>Billing Demand upto Contract Demand</p> <p>For first 500 KVA Rs. 200 per kVA per month</p> <p>For next 500 KVA Rs. 300 per kVA per month</p>

Sr. No.	Category	Fixed Charge
	in any other HT Categories.)	Seasonal Consumers taking HT Supply The total minimum amount under the head "Demand and Energy Charges" payable by a seasonal consumer shall be Rs. 5160/- per annum per kVA of the billing demand.
5.	HTP-II Applicable for supply of energy to HT consumers contracting for 100 KVA and above, requiring power supply for Water Works and Sewerage pumping stations.	Billing Demand upto Contract Demand For first 500 KVA Rs. 175 per kVA per month For next 500 KVA Rs. 275 per kVA per month In excess of 1000 KVA Rs. 325 per kVA per month In Excess of Contract Demand Rs. 400 per kVA per month
6.	HTP-III 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.	Billing Demand upto Contract Demand Rs. 25 per kVA per day In excess of contract demand Rs. 30 per kVA per day

- a) **Energy Charges:** TPL has proposed to increase Energy Charge by Rs. 0.50 per unit for all categories.
- b) **ToU charges applicable to HTP-I, HTP-II and HTP-III:** TPL has proposed to increase ToU Charge by Rs. 0.10 per unit.
- c) **Regulatory Charge:** TPL has proposed Regulatory Charge of Rs. 0.30 per unit.
- d) **Open Access Charges:** TPL has proposed to determine the wheeling charges and cross-subsidy surcharge applicable to Open Access consumers.