

## Summary

### Petition filed by TPL before Hon'ble GERC vide Case No. 2325/2024

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

##### Background:

- 1.1. As per the provisions of the MYT Regulations, 2016, TPL-D(D) has filed the petition before the Hon'ble Commission for approval of:
  - a) Truing up of ARR for FY 2022-23 and sharing of gains/losses on account of controllable/un-controllable factors,
  - b) Determination of ARR for FY 2024-25,
  - c) Determination of Gap/(Surplus) for FY 2024-25, and
  - d) Determination of tariff for FY 2024-25

##### True Up for FY 2022-23

- 1.2. The Hon'ble Commission had approved the ARR for FY 2022-23 for TPL-D (D) as per the Order dated 31st March, 2022 in Case No. 2035/2021. This was based on the projections for FY 2022-23. The ARR approval is subject to truing up based on the actual data for FY 2022-23.
- 1.3. TPL-D(D), for the purpose of truing up in accordance with the MYT Regulations, 2016, has submitted the petition on the basis of the Hon'ble Commission's order dated 31st March, 2022 in Case No. 2035/2021.
- 1.4. TPL-D(D) has considered the following parameters for truing up of ARR:
  - a) Variation in power purchase cost due to variation in power purchase mix, quantity and price.
  - b) Variation in fixed cost such as O&M expense, interest expenses, Depreciation, Return on Equity, Bad debts written off, Income Tax and Non-Tariff Income.
  - c) Sharing of gains/ losses considering controllable & uncontrollable factors.
- 1.5. The energy requirement is based on the actual sales and the actual T&D losses for FY 2022-23. The sales for Dahej Supply Area was 711.07 MU. The actual distribution loss achieved for FY 2022-23 was 0.48%.

- 1.6. The trued up ARR has been arrived at by considering the actual expenses vis-à-vis approved expenses as per the order in Case No. 2035/2021 dated 31st March, 2022. The variation in power purchase cost on account of price, quantity, and mix is uncontrollable and passed on in the ARR. There is a marginal variation in distribution loss for Dahej supply area as compared to the approved distribution loss level. The O&M expenses are higher for Dahej supply area as compared to the approved figure in the Order in Case No. 2035/2021 dated 31st March, 2022.
- 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 2022-23**

All figures in Rs. Crore		
ARR as per order	(a)	297.51
Gains/ (Losses) due to Uncontrollable Factors	(b)	(163.12)
Gains/ (Losses) due to Controllable Factors	(c)	-
Pass through as Tariff	$d = -(b + 1/3^{\text{rd}} \text{ of } c)$	163.12
Trued Up ARR	$e = a + d$	460.63

- 1.8. TPL-D(D) states that the treatment of revenue towards recovery of earlier years' approved Gap/ (Surplus) works out to a gap of Rs. 2.90 Crore as per the Hon'ble Commission's order dated 1st April, 2022. Accordingly, same has been considered by TPL-D(D).
- 1.9. Based on the above, the gap/ (surplus) for FY 2022-23 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 2022-23**

All figures in Rs. Crore	Actual
<b>Trued-up ARR</b>	<b>460.63</b>
Revenue from Sale of Energy	437.79
Less: Revenue towards recovery of Earlier Years' approved Gap/ (Surplus)	2.90
<b>Balance Revenue</b>	<b>434.89</b>
<b>Gap/ (Surplus)</b>	<b>25.74</b>

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

#### **ARR for FY 2024-25**

- 1.11. The Hon'ble Commission vide its suo motu order dated 5th December, 2023 has directed the utilities to file the petition for ARR of FY 2024-25 and determination of tariff for FY 2024-25 based on the principles and methodology as provided in the MYT Regulations, 2016. Accordingly, TPL-D(D) has submitted the petition for approval of the Aggregate Revenue Requirement and determination of tariff for TPL-D (D) for FY 2024-25 as per the provisions of the MYT Regulations, 2016.
- 1.12. The ARR estimation is based on the assumptions as outlined hereunder:
- a) Sales Forecast: The energy sales for FY 2024-25 have been estimated considering the available information of consumer type, load and usage pattern as per the estimated development plan.
  - b) Distribution losses: The distribution loss has been considered as per the methodology prescribed in MOP Rules.
  - c) Power Purchase Cost: TPL-D(D) has made the long term arrangement to cater to the demand of its consumers from the DGEN project. However, as demand has not reached to required level, TPL-D(D) has not proposed to procure power from DGEN. For FY 2024-25, TPL-D(D) has proposed to procure power through Bilateral Sources/Power exchange and Renewables.
  - d) Capital Expenditure Plan: TPL-D(D) has planned to undertake prudent capital investments for development of distribution network so as to cater to the demand of its consumers and provide reliable & quality power. The major capital expenditure of Dahej Supply Area includes EHV expenditure schemes, HT expenditure schemes, LT network expenditure schemes, metering, customer care & IT, civil, etc.
  - e) O&M Expenses: The operations in Dahej SEZ are in a development stage. However, TPL-D(D) has estimated the O&M expenses based on increase in O&M activities considering increase in sales and the need to provide reliable and quality power to its consumers.
- 1.13. Depreciation, Interest on loans, Interest on Working Capital, ROE, etc. have been computed as per the applicable Regulations.
- 1.14. The ARR thus computed for Dahej Supply Area for FY 2024-25 is shown in the table below.

**Table 3: ARR of Dahej Supply Area for FY 2024-25**

All Figures in Rs. Crore	FY 2024-25
Power Purchase	503.48
O&M expenses	13.31
Depreciation	7.99
Interest on loans	3.85
Interest on working capital	0.34
Interest on SD	3.03
Bad debts	-
Contingency reserve	1.06
RoE	7.11
Income Tax	0.80
<b>Less: Non-tariff income</b>	<b>3.68</b>
<b>ARR</b>	<b>537.30</b>

- 1.15. TPL-D(D) would like to further submit that as per the GERC (Demand Side Management) Regulations, 2012, it is required to formulate and submit to the Hon'ble Commission a DSM Plan covering the control period. In turn, TPL-D(D) will make necessary submission for the DSM plan for FY 2024-25 onwards and TPL-D(D) shall claim the actual DSM expenses as part of its truing up petitions.

**Gap/ (Surplus) Analysis for FY 2024-25**

- 1.16. For FY 2023-24, the Hon'ble Commission has approved the base Power Purchase Cost at Rs. 4.69 per kWh and base FPPPA at Rs. 1.17 per kWh. For FY 2024-25, the estimated weighted average power purchase cost works out to be Rs. 5.81 per kWh as against base power purchase cost of Rs. 4.69 per kWh. Thus, revised base FPPPA works to Rs. 2.28 per kWh factoring the adjustment in PPC. The revenue for FY 2024-25 is estimated by considering the revised base FPPPA of Rs. 2.28 per kWh
- 1.17. The gap/ (surplus) is arrived at for FY 2024-25 by considering the revenue from sale of power at existing tariff rates including revenue from revised base FPPPA. The summary of revenue gap/ (surplus) for FY 2024-25 is shown in the following table.

**Table 4: Revenue Gap/ (Surplus) of Dahej Supply for FY 2024-25**

<b>All figures in Rs. Crore</b>	
ARR	537.30
Less:	
Revenue from sale of power at existing tariff rates including revised base FPPPA	533.47
<b>Gap/ (Surplus)</b>	<b>3.83</b>

- 1.18. TPL-D(D) has submitted to the Hon'ble Commission to consider the gap/ (surplus) as proposed by it.
- 1.19. TPL-D(D) has also calculated carrying cost as per the settled principle.
- 1.20. The summary of revenue gap/ (surplus) for determination of tariff FY 2024-25 is shown in the following table.

**Table 5: Cumulative Revenue Gap/ (Surplus) for determination of tariff of Dahej Supply Area for FY 2024-25**

<b>All figures in Rs. Crore</b>	
Gap/ (Surplus) of FY 2022-23	25.74
Carrying Cost	9.63
Gap/ (Surplus) of FY 2024-25	3.83
<b>Cumulative Gap/ (Surplus)</b>	<b>39.21</b>

- 1.21. TPL-D(D) has proposed to recover the cumulative gap by way of regulatory charge of Rs. 0.24 per unit over the period of 2 years starting from 1st April 2024 along with adjustment for deferment of recovery.
- 1.22. TPL-D(D) has submitted that despite the overall inflationary pressures in general, TPL-D(D) has been managing its costs largely through operational efficiencies. For FY 2024-25, TPL-D(D) has submitted the tariff proposal as above to enable TPL-D(D) to recover the gap and to maintain and further improve its high standards of quality, reliability and customer services.

- 1.23. Further, TPL-D(D) has proposed to recover the Gap/Carrying cost for matters pending with Hon'ble GERC / APTEL by way of Regulatory Charge as may be required.
- 1.24. For FY 2024-25, TPL-D(D) has proposed to continue "Green Tariff" of Rs.1.50 per unit.