

Summary

Petition filed by TPL before Hon'ble GERC vide Case No. 2035/2021

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

Background

- 1.1 As per the provisions of the GERC (Multi Year Tariff) Regulations, 2016, TPL-D(D) has filed the petition before the Hon'ble Commission for approval of:
- a) Truing up of ARR for FY 2020-21 and sharing of gains/losses on account of controllable/un-controllable factors,
 - b) Determination of ARR for FY 2022-23,
 - c) Determination of Gap/(Surplus) for FY 2022-23, and
 - d) Determination of tariff for FY 2022-23

True Up for FY 2020-21

- 1.2 The Hon'ble Commission had approved the revised ARR for FY 2020-21 for TPL-D (D) as per the MTR order vide Case No. 1766 of 2018 dated 17th July, 2019. This was based on the projections for FY 2020-21. The ARR approval is subject to truing up based on the actual data for FY 2020-21.
- 1.3 TPL-D(D), for the purpose of truing up in accordance with the GERC (Multi Year Tariff) Regulations, 2016, has submitted the petition on the basis of the Hon'ble Commission's MTR order in Case No. 1766 of 2018 dated 17th July, 2019.
- 1.4 TPL-D(D) has considered the following parameters for truing up of ARR:
- a) Variation in power purchase cost due to variation in power purchase mix, quantity and price.
 - b) Variation in fixed cost such as O&M expense, interest expenses, Depreciation, Return on Equity, Income Tax and Non-Tariff Income.
 - c) Sharing of gains/ losses considering controllable & uncontrollable factors.
- 1.5 The energy requirement is based on the actual sales and the actual T&D losses for FY 2020-21. The sales for Dahej Supply Area was 453.03 MU. The actual distribution loss achieved for FY 2020-21 was 0.49%.

- 1.6 The trued up ARR has been arrived at by considering the actual expenses vis-à-vis approved expenses as per the MTR Order vide Case No. 1766 of 2018 dated 17th July, 2019. 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 MTR Order in Case No. 1766 of 2018 dated 17th July, 2019.
- 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 2020-21

All figures in Rs. Crore		
ARR as per MTR order	(a)	201.42
Gains/ (Losses) due to Uncontrollable Factors	(b)	(13.41)
Gains/ (Losses) due to Controllable Factors	(c)	-
Pass through as Tariff	$d = -(b + 1/3^{\text{rd}} \text{ of } c)$	13.41
Trued Up ARR	$e = a + d$	214.83

- 1.8 TPL-D(D) would like to state that the treatment of revenue towards recovery of earlier years' approved Gap/ (Surplus) works out to a surplus of Rs. 0.93 Crore as per the Hon'ble Commission's order dated 1st April, 2020 for TPL-D(D). Accordingly, same has been considered by TPL-D(D).
- 1.9 Based on the above, the gap/ (surplus) for FY 2020-21 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 2020-21

All figures in Rs. Crore	Actual
Trued-up ARR	214.83
Revenue from Sale of Energy	210.87
Less: Revenue towards recovery of Earlier Years' approved Gap/ (Surplus)	(0.93)
Balance Revenue	211.80
Gap/ (Surplus)	3.03

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

ARR for FY 2022-23

1.11 The Hon'ble Commission vide its order dated 24th September, 2021 has directed the utilities to file the petition for ARR of FY 2022-23 and determination of tariff for FY 2022-23 based on the principles and methodology as provided in the GERC (Multi Year Tariff) Regulations, 2016. Accordingly, TPL-D(D) has submitted the petition for approval of the Aggregate Revenue Requirement and determination of tariff for TPL-D (D) for FY 2022-23 as per the provisions of the GERC (Multi Year Tariff) Regulations, 2016.

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

- a) Sales Forecast: The energy sales for FY 2022-23 have been estimated considering the available information of type, load and usage pattern of the consumers as per the estimated development plan.
- b) Distribution losses: The distribution loss has been proposed to be 2% for Dahej Supply Area for FY 2022-23.
- c) Power Purchase Cost: The power purchase cost is a function of the energy requirement and price of available power for meeting the requirement. TPL-D(D) has made the long term arrangement to cater to the demand of its consumers from the DGEN project which was commissioned in FY 2014-15. However, as demand has not reached to required level, TPL-D(D) has not proposed to procure power from DGEN. For FY 2022-23, TPL-D(D) proposes to procure power through Bilateral Sources/Power exchange and Renewables.
- d) Capital Expenditure Plan: TPL-D(D) has planned to undertake prudent capital investments for development of distribution network so as to cater to the demand of its consumers and provide reliable & quality power. The major capital expenditure of Dahej Supply Area includes Rs. 14.29 Crore in EHV expenditure schemes, Rs. 0.69 Crore in HV expenditure schemes, Rs. 0.66 Crore in LT network expenditure schemes, and a balance of Rs. 1.52 Crore towards 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 as per the methodology specified in the GERC (Multi Year Tariff) Regulations, 2016.

f) Depreciation, Interest on loans, Interest on Working Capital, ROE, etc. have been computed as per the applicable Regulations.

1.13 The ARR thus computed for Dahej Supply Area for FY 2022-23 is shown in the table below.

Table 3: ARR of Dahej Supply Area for FY 2022-23

All Figures in Rs. Crore	FY 2022-23
Power Purchase	278.14
O&M expenses	10.51
Depreciation	7.48
Interest on loans	3.75
Interest on working capital	-
Interest on SD	1.79
Bad debts	-
Contingency reserve	0.95
RoE	6.51
Income Tax	-
Less: Non-tariff income	5.96
ARR	303.17

1.14 TPL-D(D) has further submitted that as per the GERC (Demand Side Management) Regulations, 2012, it is required to formulate and submit to the Hon'ble Commission a DSM Plan covering the control period. Accordingly, TPL-D(D) will approach the Hon'ble Commission in respect of implementation of DSM plan.

Gap/ (Surplus) Analysis for FY 2022-23

1.15 The gap/ (surplus) is arrived at for FY 2022-23 by considering the revenue from sale of power at existing tariff rates including revenue from proposed base FPPPA. The summary of revenue gap/ (surplus) for FY 2022-23 is shown in the following table.

Table 4: Revenue Gap/ (Surplus) of Dahej Supply for FY 2022-23

All figures in Rs. Crore	
ARR	303.17
Less:	
Revenue from sale of power at existing tariff rates including base FPPPA revenue @Rs. 0.57 per unit	295.33

All figures in Rs. Crore	
Gap/ (Surplus)	7.84

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

- 1.16 TPL-D(D) has calculated carrying cost as per the methodology approved/specified by the Hon'ble Commission. TPL-D(D) has, therefore, requested the Hon'ble Commission to consider such outstanding amount in addition to the Gap/ (Surplus) of FY 2020-21 along with carrying cost as per the methodology approved/specified by the Hon'ble Commission.
- 1.17 The summary of revenue gap/ (surplus) for determination of tariff FY 2022-23 is shown in the following table.

Table 5: Cumulative Revenue Gap/ (Surplus) for determination of tariff Of Dahej Supply Area for FY 2022-23

All figures in Rs. Crore	
Gap/ (Surplus) of FY 2020-21	3.03
Carrying Cost	4.82
Gap/ (Surplus) of FY 2022-23	7.84
Cumulative Gap/ (Surplus)	15.69

- 1.18 TPL-D(D) has proposed to recover the cumulative gap of Rs. 15.69 Crore with effect from 1st April, 2022, by way of average tariff increase of Rs. 0.24 per unit during FY 2022-23.
- 1.19 Further, TPL-D(D) has also proposed to recover the past period gap & carrying cost by way of Regulatory Charge upon disposal of CP/RP and Appeals by Hon'ble GERC and/or APTEL.
- 1.20 TPL-D(D) has also submitted that it is in receipt of representation regarding introduction of "Green Tariff" in its license areas. However, the methodology for determination of "Green Tariff" is required to be determined by the Hon'ble

Commission. Hence, for FY 2022-23, TPL-D(D) has proposed “Green Tariff” of Rs.0.50 per unit in line with the existing “Green Tariff” decided for Deendayal Port Trust.

1.21 The summary of change in tariff is provided at **Annexure-1**.

Prayers

1.22 TPL-D(D) has filed the present petition for Truing up of FY 2020-21, Determination of Aggregate Revenue Requirement (ARR) for FY 2022-23, and determination of tariff for FY 2022-23 for its Distribution business of Dahej Supply area.

1.23 In view of the facts and circumstances, TPL-D(D) has prayed to the Hon’ble Commission that it may be pleased to:

- a) Admit the petition for truing up of FY 2020-21, Aggregate Revenue Requirement for FY 2022-23, and determination of tariff for FY 2022-23.
- b) Approve the trued up Gap/ (Surplus) of FY 2020-21.
- c) Approve the sharing of gains/ losses as proposed by TPL-D(D) for FY 2020-21.
- d) Approve the Aggregate Revenue Requirement for FY 2022-23.
- e) Approve the cumulative Gap/ (Surplus).
- f) Approve the wheeling ARR and corresponding charges for wheeling of electricity with effect from 1st April, 2022.
- g) Approve the recovery through retail tariff as prayed for.
- h) Allow recovery of the costs as proposed as per the Judgments/ orders of the Hon’ble Tribunal/ Hon’ble Commission in the Appeals/ Review Petitions filed by TPL-D(D).
- i) Allow additions/ alterations/ changes/ modifications to the petition at a future date.
- j) Permit TPL-D(D) 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 changes in Tariff for Dahej Licence Area

Sr. No.	Category	Energy Charge	
1.	HTP-I	Up to 500 kVA Billing Demand	290 Paise per unit
		For next 2000 kVA Billing Demand	325 Paise per unit
		Excess of 2500 kVA Billing Demand	335 Paise per unit
		Seasonal Consumers taking HT Supply	Units consumed during the off-season period shall be charged for at the flat rate of 375 Paise per unit
2.	HTP-II	Up to 500 kVA Billing Demand	325 Paise per unit
		For next 2000 kVA Billing Demand	345 Paise per unit
		Excess of 2500 kVA Billing Demand	355 Paise per unit
3.	HTP-III	All units consumed during the month	565 Paise per Unit
4.	RGP	First 50 units	305 Paise per unit
		Next 50 units	335 Paise per unit
		Next 150 units	400 Paise per unit
		Above 250 units	490 Paise per unit
5.	TEMPORARY	Entire consumption during the month	465 Paise per unit

In addition to the above-mentioned categories, Energy charge of all other categories has been increased uniformly by 25 paise per unit.